5th March, 1955

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

VOLUME I, 1955

(21st February to 12th March, 1955)

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NINTH SESSION, 1955

(Vol. I contains Nos. 1—15)

LOK SABHA SECRETARIAT
NEW DELHI

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LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Saturday, 5th *March*, 1955

The Lok Sabha met at Eleven of the Clock.

[SHRIMATI SUSHAMA SEN *in the Chair*]

QUESTIONS AND ANSWERS

(*No Questions*: *Part I not published*)

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

CANAL WATERS DISPUTE BETWEEN INDIA AND PAKISTAN

Shri Kasliwal (Kotah—Jhalawar): I beg to call the attention of the Minister of Irrigation and Power, to the following matter of urgent public importance, and I request that he may make a statement thereon:

> "From a recent report by the Special Representative of *The Statesman*, dated 28th February, 1955, considerable misgivings have been created about the latest developments in the Canal Waters Dispute between India and Pakistan."

The Minister of Planning and Irrigation and Power (Shri Nanda): There is no basis for the misgivings expressed in respect of the latest developments in the canal waters dispute between India and Pakistan. On 27th August 1954, as the House will recollect, after giving a brief history of the negotiations on the canal waters dispute, I referred to the World Bank proposal of 5th February 1954, which India accepted but which Pakistan did not.

At the instance of the Bank, discussions were resumed in Washington on 6th December 1954, on the basis of certain new terms of reference. These terms of reference were published on 13th December 1954. The Management of the International Bank attach great importance to finding a satisfactory solution of this dispute.

When the discussions were resumed in December 1954, it was decided that the Bank Group taking part in these discussions should be under the direct guidance of the Bank's Management, and that Mr. W. A. B. Iliff, Assistant to the President of the Bank, should represent the Management as the day to day head of the Bank Team. The rest of the Bank Group includes Messrs. Wheeler, Bashore and Bass, who have been participating in this work on behalf of the Bank, since the beginning.

As the new phase of the work involved detailed planning, it was necessary for the Bank to add to its staff a certain number of new engineers. There is no question of going over the entire ground afresh or of re-opening all the intricate issues. The terms of reference are quite clear, and the starting point of the new negotiations remains as before, i.e. the division of waters originally proposed by the Bank on 5th February 1954. A field-trip has become necessary partly to enable the new offices of the Bank to acquaint themselves with the Indus

[Shri Nanda]

Basin, and partly to examine at site some of the specific problems which have arisen in the preparation of a comprehensive plan under the Bank proposal.

It is not correct to say that the Bank Mission has no personal knowledge of the problems of the Indus Basin. Messrs. Iliff, Wheeler and Bengston, three members of the Mission, have been associated with the negotiations from the very beginning. The Government of India are hopeful that with the deep interest evinced by the World Bank, and the determination of both sides to resolve the dispute, a satisfactory settlement would be reached.

IMPORTS AND EXPORTS (CONTROL) AMENDMENT BILL

Mr. Chairman: The House will now proceed with the further consideration of the following motion moved by Shri Karmarkar on the 1st March, 1955:

> "That the Bill further to amend the Imports and Exports (Control) Act, 1947, as passed by Rajya Sabha, be taken into consideration."

Shri N. C. Chatterjee (Hooghly): This Bill wants to extend the powers of the Central Government to control foreign trade in the country for another five years, *i.e.* up to 31st March 1960. I am happy, and I hope the House will also agree with me, that it is a good augury for the future that the Act is being extended to the State of Jammu and Kashmir. That shows that the declaration of the Jammu and Kashmir Constituent Assembly that the accession of that State to India is final and irrevocable is being accepted by Government and by the Parliament of this country.

This control over foreign trade came in when the Second World War was on. First of all, we had control on foreign exchange, and that brought in as its concomitant control over imports and exports. First of all, there was some provision made for import control; in March 1940, so far as I have been able to find out, the Empire scheme was inaugurated, and that was meant for the purpose of effecting restrictions on import. Thereafter, control over export was introduced. In May 1949, complete control was practically effected under the Defence of India Act. After the Defence of India Act lapsed, we have now proceeded under the new Act, *i.e.* the Imports and Exports (Control) Act of 1947. So, really for 15 years, we have gone on controlling, and I think all sections of the House will have to admit that there is a necessity for vesting this power in Government, and in the world situation as it is, we have got to conserve our foreign exchange as much as possible and direct an optimum use of the limited supplies of foreign exchange available to India.

I wish the hon. Minister of Commerce and Industry had been here. The country was perturbed over the reported resignation, and the differences among Ministers. I hope that lack of co-ordination has been somehow satisfactorily redressed, and the private sector in the country will not be perturbed or distressed to know that there is a further threat of a ministerial divorce. I hope it was only a temporary separation. I do not know why the hon. Minister of Commerce and Industry is not here in the House.

Shri M. S. Gurupadaswamy (Mysore): Temporary separation even now.

Shri N. C. Chatterjee: Temporary separation ought not to continue. The other day, in the other House, when the Minister was not there, a point was made by an hon. Member that it was lack of courtesy to the House. I do not know why the hon. Minister is fighting shy of the House, and when the re-entry has been made, I hope the hon. Minister will be here, for we want to make some constructive suggestions and point out the defects in the administration of the working of the Act.

It is generally recognised that mistakes have been committed in the past, that the import and export policy of the country alternated between restrictions and liberalisation, and that there were violent shifts in the policy. This caused in some cases sharp fluctuations in prices in the internal market, especially because import and export policies were framed largely against the background of foreign exchange position. I would like to plead with the Ministry and the Government —and I hope Shri Karmarkar will accept the main thesis for which I am standing today......

The Minister of Commerce (Shri Karmarkar): If it is reasonable.

Shri N. C. Chatterjee: It is reasonable; it is always reasonable; only, you should have the patience to appreciate it.

Shri S. S. More (Sholapur): Not only patience, but wit also.

Shri N. C. Chatterjee: The import and export policy should not be guided merely by the foreign exchange policy, but due regard should be paid to the main factor, namely the need for giving adequate protection to indigenous industries.

The raising of quota percentage for certain goods in March 1951 was not sufficient to account for the considerable rise which took place in the market. Slight adjustment by a reduction in the quota percentage was made in the policy from January to June 1952, and prices went down. But that was not sufficient to prevent substantial imports from abroad, causing difficulty to many industries. Similarly, there had been lack of a clear integrated policy and that has caused confusion. There had been bitter complaints also with regard to corruption and favouritism. I am glad to say that there has been a feeling that cases of corruption have gone down. I am very happy that the private sector feels that it is not so bad as it used to be. It has not given a clean chit to the Administration, but this is even for the small mercy that the complaints have gone down. But there is still vacillation and procrastination and I hope some steps would be taken to prevent delay.

Since the beginning of 1953, some sort of stability in import and export policy has been sought to be achieved, and I am glad to say that the stewardship of our commercial policy deserves some credit on that ground. The biggest credit or achievement has been in the field of import and export trade licences and there is not so much delay, as it used to happen. I have also said that the charges of corruption have diminished, although they have not vanished. I hope something will be done to secure more freedom from corruption. There should be a complete assurance given that none connected with the Ministry or with the Minister is at all getting advantages of any licence or terms.

Since the policy still continues to be framed largely on foreign exchange considerations, the unfortunate effect has been that the interests of our indigenous industry in India have been ignored in many cases. Now, the inherent weakness in framing the policy on the basis of quota percentage is there in a period of falling prices, as it obtains today, and anticipations seldom come out true and imports are effected on a larger scale than required. This policy requires modification with a view to safeguarding the interests of Indian industry more properly and more adequately. The system of token imports and gradual liberalising of controls is to be welcomed from the consumer's point of view. But I should make a suggestion that there should be no indiscriminate extension of grant of licences to actual users merely on the ground that quota licensing freezes the pattern of import trade. For example, the scheme of assisting persons engaged in certain avocations to import requirement directly from abroad needs scrutiny and I think that the Import and Export Advisory

[Shri N. C. Chatterjee]

Committee also suggested that. I hope that the Minister of Commerce, the Minister of Finance and the Reserve Bank authorities will put their heads together and frame some kind of a scheme for dealing with the situation.

Another matter which requires immediate consideration is the need for putting a check on the extension of *ad hoc* licensing which seems to be on the increase. I have come to know that recommendations were made by the Import Control Inquiry Committee in 1950 that there should be a review of the list of articles earmarked for *ad hoc* licensing and that should be undertaken by a Committee consisting of a senior officer of the Ministry of Commerce and Industry, the C.C.I. and a representative of the Federation of Indian Chambers of Commerce and Industry. That was the recommendation of the Import Control Inquiry Committee so far back as 1950, but, I regret to say that that recommendation has not been implemented. No such Committee has been appointed and the tendency, in the meantime, has been to extend the scope of *ad hoc* licences, which is bad in principle and—I hope the House will agree—worse in practice. A particularly objectionable feature is the canalisation of imports through certain channels in respect of items like soda, ash, caustic soda and raw silk. I think some of my friends on the Opposition Benches will have to say a lot about soda ash and they have made a study of that problem.

Shri Karmarkar: Shri V. P. Nayar.

Shri V. P. Nayar (Chirayinkil): I claim no such study.

Shri N. C. Chatterjee: Shri V. P. Nayar will give you facts which will startle the House.

Shri S. S. More: He has studied the Minister more than the ash.

Shri N. C. Chatterjee: He will say that the soda is vanishing and the ash is remaining.

Shri Karmarkar: On the other side.

Shri N. C. Chatterjee: What is happening is that there is a feeling that the interests of normal trade channels are being sacrificed in favour of certain particular firms. That should be avoided.

Now, the Import Control Inquiry Committee had made another recommendation to which I want to draw the attention of the hon. Minister. They recommended that there should be replacement of existing c.i.f. import contracts by f.o.b. contracts. The Committee had also recommended that an immediate detailed examination should be undertaken of this problem by the Ministry of Finance in consultation with the Ministry of Commerce and Industry and the Reserve Bank, and that should be done in order to assess the size and full implication of the proposed measure of assistance and encouragement that is needed.

Now, so far as I know—I hope I am wrong—in spite of the recommendations of the Import Control Inquiry Committee, no such Committee, has been appointed to look into this recommendation, and this seems to be vital for the development of Indian shipping, Indian banking and insurance. But it is painful to see that they are sleeping over this matter for so many years in spite of the fact that the Import Advisory Council has from time to time reiterated its recommendation and tried to impress upon the Government the desirability of......

Shri Karmarkar: Is it about the recognition of existing commitments? Is that the point?

Shri N. C. Chatterjee: The suggestion was made that c.i.f. import contracts should be replaced by f.o.b. contracts. Whether that is feasible or not, how far it can be done with regard to our international commitments—that should be looked into. They have suggested not an outside Committee. They have suggested that this should be looked into by the Ministry of Finance and the Ministry of Commerce together with the Reserve Bank.

Therefore, really it would be an inter-ministerial inquiry so that there should be no extraneous influence brought upon your judgment. But I thought that that was a desirable recommendation.

Now, there should be proper co-ordination between the import licensing and the customs authorities. I am sorry to say that people who have got to deal with international trade has got many grievances because of lack of co-ordination between these two authorities and there is therefore, delay of a very vexatious nature in settling difficulties in the clearance of imported goods. The Ministry of Commerce and the Ministry of Finance should together evolve a proper procedure to cut out delay.

Now, I am making another appeal to the Government, and I hope the House will agree that there is a very rational and proper suggestion to make. The suggestion is that there should be adequate and proper record kept of the trends in prices in the foreign and internal markets. That is essential for the purpose of bringing about appropriate modifications in India's import policy. The present machinery of collection of price data in the office of the Economic Adviser is totally defective. I do not want to cast any reflection on a particular officer, but the entire system needs to be geared up. The price data contained in the weekly bulletin of index numbers of wholesale prices would not show the fluctuations in prices on items like caustic soda and soda ash which take place in the market, for they gave only manufacturers' ex-works price. Therefore, they are defective and I am pleading that some system should be evolved to give us authoritative data.

The need for continuing import control must be admitted. Import control, in the international situation today, is absolutely essential to protect some industries and you cannot merely rely on the high tariffs which are not feasible because of our international commitments or other considerations including the nature of the industry concerned. Therefore, although there is a general dislike in the country against controls and licences and permits and the Five Year Plan Progress Report for 1953-54 has said that with progressive relaxation of controls, the consumer has benefited, and we all want—all parts—restoration of free market conditions and freedom from controls and bureaucratic influences which cripple trade and sometimes work in an unfair way, there is no way out, and we have got to continue to give power to the Government. High tariffs cannot be levied on capital goods, raw materials, or on items where there is lot of consumer prejudice in which case the levy of high tariffs would not be sufficient to protect the indigenous industry, in those cases, certainly, you have got to give power to the Government. I also plead for another thing and I hope the Government will consider that and that is this.

The policy should not be subject to six-monthly review. Now, it is done from January to June and from July to December. But, I am pleading that that should be done on an annual basis so as to give it more stability and so that commercial policy can play a useful role, particularly in arresting the downward trend in commodity prices. Unless you formulate a policy which will function for at least one year and the country knows that that is your policy, there is bound to be uncertainty. I am, therefore, pleading that although a large part of our export trade is free from export control, our export policy has not yet been administered in the best possible manner. Therefore, we have to reshape and re-orient our commercial policy in that field, that is export policy, so that it may arrest the precipitous decline and fall of commodity prices, particularly agricultural prices. I am sure that competent economists and authorities can programme and formulate a proper policy to that effect. This can be illustrated by a reference to the policy for the export of raw cotton, oil and oilseeds etc. After a period of one year when the export of groundnut oil re-

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mained banned (from August 1953 to the end of July 1954), exports were allowed on a very restricted basis and for very short periods at a time. But, even when such exports were allowed restrictions were placed about the maximum allotment to one individual shipper which led to the loss of foreign exchange to the country because preference of buyers abroad was given away.

Shri Karmarkar: Does my hon. friend want to encourage monopolists or want to have them distributed as much as possible?

Shri N. C. Chatterjee: I want you to reshape your commercial policy especially with regard to export so that that can play a role in arresting the fall in agricultural prices and also other commodities.

Shri Karmarkar: The clarification I wanted was whether my hon. friend would like to have the monopolist importers and exporters or would like to have the advantage given to a larger number of people?

Shri N. C. Chatterjee: To larger number of people.

Shri Karmarkar: That goes against what he said earlier.

Shri N. C. Chatterjee: The Government policy should be so framed and formulated so that the declining trend can be arrested. Now, I hope that these are the points which the Minister will take into account and thus make the policy of the Government such or the administration of this Act such as to really benefit the consumers and stimulate our industries.

Mr. Chairman: A point of order was raised the other day by Mr. U. M. Trivedi. I call upon the Law Minister to explain the point.

The Minister in the Ministry of Law (Shri Pataskar): Madam, last time, the hon. Member Mr. Trivedi raised a point that section 4A of the Act provides that fees will be charged on application and he also argued that this is more or less in the nature of a tax, according to the recent judgments of the High Court to which he made a reference. I have carefully examined the rulings and I think that the contention of the hon. Member is not correct.

Clause 4 only says:

> "......for the words 'in respect of any application for any licence, or the issue or renewal of any licence', the words 'in respect of any application or in respect of any licence granted or renewed' shall be substituted."

What is proposed to be done by the amendment of the section which now stands is that they want to levy a fee in respect of all applications whether they are for the issue of a licence to import or export or for the renewal thereof.

The contention of the hon. Member was—I believe he is not here—that if it was a tax it would become a Money Bill and as such it could not have been introduced in the first place in the Rajya Sabha and in the next place it would require the sanction of the President. That was his objection. But, as it amounts to fees, naturally his objections do not stand. The reference he made was to two judgments of the Supreme Court, one from the decision of the Orissa High Court and the other from the High Court of Madras. They thoroughly discuss the question as to the nature of a tax and a fee, and the constitutional position as it now obtains with respect to both. Our Constitution has clearly laid down the distinction between a tax and a fee. In item 96 in the First List, they specifically give power to impose fees. Then the whole law so far as it relates to tax and fee was considered by them and they came to the conclusion that a fee has got certain distinct characteristics as compared to a tax. The judgment is more exhaustive in the case of the Madras High Court and they say that a neat definition of what tax means has been given out by Latham C. J. of the High Court of Australia in Mathews V. Chicory Marketing Board.

> "'A tax' according to the learned Chief Justice is a compulsory exaction of money by public authority for public purposes enforceable by law and is not payment for services rendered."
>
> "The distinction between a tax and a fee lies primarily in the fact that a tax is levied as a part of a common burden, while a fee is a payment for a special benefit or privilege. Fees confer a special capacity, although the special advantage, as for example, in the case of a registration fees for documents or marriage licences, is secondary to the primary motive of regulation in the public interest. Public interest seems to be at the basis of all impositions......"
>
> "There is no doubt that a fee resembles a tax in many respects and the question which presents difficulty is, what is the proper test by which the one could be distinguished from the other? A tax is undoubtedly in the nature of a compulsory exaction of money by a public authority for public purposes, the payment of which is enforced by law. But the other and equally important characteristic of a tax is, that the imposition is made for public purpose to meet the general expenses of the State without reference to any special advantage to be conferred upon the payers of the tax."

That is the main criterion to which I would draw his attention.

Shri N. C. Chatterjee: Is this Justice Mukerjee's judgment?

Shri Pataskar: Yes. He says that tax has no reference to the special advantage it confers on the payer and it is on the basis of this that he decided the case.

It follows that it is in the very nature of a fee which it is proposed to levy. This licence fee is to be collected for the purpose not of a common burden but because it confers a special benefit upon certain individuals; for instance from on those who want to apply for licences and no those who want to have the benefit of the licences. They have to pay the fee in order to have the licence. It is not as if it is a general tax that will go to the general revenues.

There is another very great distinction between tax and fee, and it is the quantum of imposition on the taxpayer. In the case of a tax, the quantum depends upon the tax-payers' capacity to pay. In the case of a tax which may be levied, it depends upon the capacity of the individual to pay. That is the main distinction between the nature of a tax and a fee. In the case of a fee, the quantum does not depend upon the capacity of the man to pay but upon the fact that he is to get a benefit. So it is uniform for all. Therefore, considering the judgment as a whole, I am convinced that, as in the appeal from the Orissa High Court case this levy is nothing but a licence fee. So far as these matters are concerned, it is clear from the very wording of the provision that it is nothing more nor less than a licence fee imposed for the purpose of collecting some revenue for defraying some petty expenses incurred in connection with the work. There is, therefore, no substance in the point of order.

Shri A. M. Thomas (Ernakulam): May I ask the hon. Law Minister whether article 110 (2) does not cover the point?

Article 110 (2) says:

> "A Bill shall not be deemed to be a Money Bill by reason only that it provides for the imposition of fines or other pecuniary penalties, or for the demand or payment of fees for licences or fees for services rendered......"

Shri Pataskar: Regarding the point raised by the hon. Member, in the particular case of the Madras High Court, as a matter of fact, it was in that form, but they came to the conclusion that it had the form or the look as if it were

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fee, but it was, as a matter of fact, a tax. So, the main consideration was to judge it from its content and not from the form, in order to find out whether it is a tax or a fee. In this case, it will be obvious to anyone that it is nothing more than a mere fee for issue of a licence.

Mr. Chairman: I agree with the hon. Minister that there has been no irregularity and so we may proceed with the consideration of this Bill. I rule out the point of order raised.

Shri S. S. More: I do support this measure on principle. If we look into the past history of this measure, we find that the bureaucratic government, undilutedly dictatorial, introduced this sort of control in 1940 under the Defence of India Rules, and particularly section 84 thereof. What was the objection? They were fighting a grim war and there was shortage of so much materials in the country; they wanted to conserve the shipping space, and in order also to conserve the foreign exchange, they introduced this control. The benefit to the Indian industry was not within their objectives, but after Independence, we tried to control imports and exports with some other social objectives. Those social objectives were to secure a balance between our imports and exports, then to see that imports were regulated in a manner which will help the advance of Indian industries—because industrialisation was one of our main planks—and by controlling exports we were out to save our foreign exchange. In the Statement of Objects and Reasons all these objectives have been mentioned, and in addition, the interest of the consumer has also been one of grounds on which we are seeking to have these controls. I feel personally that a State, particularly a Welfare State, cannot leave these major branches of our trade—the import and export—to private agencies. Private agencies are out to line their own pockets and they do not rise to the occasion and take the national interest within their selfish ken. The result is that the economy of the country cannot develop on a well-integrated plan and, therefore, in some of the socialist countries, it is the State which has entirely taken over the control business.

Shri N. C. Chatterjee: Really socialist countries.

Shri S. S. More: I accept the amendment by my friend, Shri Chatterjee. We are taking recourse to taxes for the purpose of raising funds for advancing our schemes, but if we undertake complete control of imports and exports, the margin of profits that ordinarily goes to private pockets would be diverted to the exchequer, and instead of relying more and more on sheer tax revenue, we can rely on the profits for the purpose of advancing the plans and giving them a concrete shape and form at an early date. But the whole crux of the matter is something different. Of course, as far as the social objectives are concerned, I do go with the Government, but my very pertinent query will be that when a Government, which is not primarily controlled by social objectives, a Government which is day after day trying to enforce controls with the help of members of the bureaucracy, will such controls be operated in the interests of the country without any nepotism, without any favouritism and without any corruption? That is the whole question to which we shall have to direct our attention. We frequently charge that some of the branches of the Government activities are corrupt, and particularly, when the objection comes from the Members of the Opposition, some of the Government Members show great allergy and they go even to the extent of abusing the Members of the Opposition and questioning their motives. That is a very unfortunate thing on the part of our Congress Government.

Shri Karmarkar: Question.

Shri S. S. More: I can say that even Congress Members, on occasions, rise to point out an accusing finger at the

Government. I can give the latest quotation from today's *Times of India* in which the proceedings of the Punjab Legislature have been reported. There, one Congressman had the courage to get up on his legs and say that Government is not being carried on in a manner above suspicion, that there is rampant corruption, etc., and he went to the extreme length of accusing one of the Ministers of corruption. It is not for me to find out the reasons for this accusation; it will be for others (*Interruptions*). When even the Congress people do not realise the position, is it not our duty to point it out? We, as Members of the Opposition, are supposed to be vigilant watch-dogs.

Mr. Chairman: I do not think this is relevant here.

Shri Karmarkar: No one will question that proposition. They are free to do what they like.

Sardar A. S. Saigal (Bilaspur): This is a matter concerning Punjab.

Shri V. G. Deshpande (Guna): Let him say it. What does it matter to us?

Shri S. S. More: I hope I shall have the patience of the House on which I can definitely rely. On the last occasion, when the Minister spoke, he said that we have to deal with so many lakhs of applications for licences and if we do not control imports and exports, chaos would be the result. I had the misfortune to intervene and say "chaos or corruption". He said that, taking into consideration these licences, if we do not control, matters would move in such a way that chaos might be the result. But our grievance has been this: when Government take up, for the purpose of removing chaos, this control business, what happens? It is not the removal of chaos, but the importing of chaos and corruption into the administration.

Shri N. C. Chatterjee: But it might be a good import.

Shri S. S. More: My friend says that we export chaos and import corruption. I say that in this particular branch, instead of exporting chaos, we retain chaos and on top of it we import corruption.

Shri Karmarkar: I think my friend imports both.

Shri S. S. More: As you know, some persons are colour-blind. My friend here seems to be corruption-blind. He said on the last occasion. "Shri More is residing in the past century and as far as his Department is concerned, corruption is a matter of the last century." I think Independence came to us in the twentieth century. My friend, being old-fashioned, seems to belong to the last century, but as far as I am concerned and some of the Members of the Congress are concerned, we are up-to-date and I know we are in the year 1955. No one who has eyes to see, will deny there is corruption. When Shri Karmarkār, however, denied the existence of corruption. I rose and said that it is not Shri More who is suggesting that there is corruption. I said that so many Government publications have stated that there is corruption. I want to present some remarks made in weighty Government documents for the consumption of my friend, because he said that he always makes it a point to study, thus suggesting that there are Ministers who speak without doing so.

Shri Karmarkar: The person I referred to was my hon. friend and not any of the Ministers.

Shri S. S. More: My suggestion is that the matter should be viewed from the point of the public and not from the point whether it is convenient for the Government or causes harassment to the Government. When I heard him saying that "Well, Mr. More, come to my room and I will convince you that there is no corruption", I do not know there is any exhibition of corruption in his room.

Shri Karmarkar: To be fair to the House, and to my hon. friend, I must say I never invited him to my room. He is quite welcome for a cup of tea, but not to discuss this corruption.

Shri S. S. More: I do not take tea, but I take counsel occasionally from him, and not tea. I do not want to waste the time of the House. I think he might go back on what he was saying. He says that Shri More should come to his room and that when I leave his room, I will be thoroughly convinced that there is nothing known as corruption which I suspect.

Shri N. M. Lingam (Coimbatore): Do not import corruption into the room.

Shri S. S. More: The quotation in Sanskrit is:

विद्या विवचेन शोभते

The man who studies should not go boasting about his studies. But study has become the rare virtue of the Congress people, at least some of the Congress people. I do not blame the whole lot. That is their speciality. I want to show, as far as this Ministry is concerned, what the Government publications say on this matter. I would refer to the Third Report of the Estimates Committee—1950-51.

Mr. Chairman: Please confine yourself to the Bill.

Shri S. S. More: Yes, I am confining myself to the Bill. You will permit me to discuss the whole conduct and administration of the Ministry which is supposed to give effect to the provisions of the Bill. It is not a question of a clause here or there, but what is the general policy of those who are going to sit in judgment, who are going to control and hold the controlling strings? That is a relevant matter. Legislation may be framed in a very innocent manner but the man who pulls the strings must be considered now. What quality they possess, what sort of people they are, whether the innocent proposals will be exploited, are the considerations. That is the real point, and that way, I am perfectly relevant. The Estimates Committee—in the Third Report which was submitted to the House before we the present Members came to this House—what do they say? Before 1951-52, there was a suggestion that a Complaints Committee should be appointed. Shri N. C. Chatterjee has referred to that point. Well, complaints about corruption have gone down, but why have they gone down? What is the machinery which can go into or deal with those complaints? It is the man who is accused by a private importer or exporter, the accuse, who hears the complaint and in his own convenient manner disposes of the complaint! Who will dare to complain where the man complained against becomes the judge! So, a Complaints Committee was sought to be appointed. I shall now read what the Estimates Committee said in paragraph 23 of its report, at page 18, for the consumption of the learned friend who always speaks with study:

> "In regard to the steps taken to deal with the complaints made against the working and administration of the Import Trade Control, we were informed that a Complaints Officer was appointed to look into specific complaints and to report the results of enquiry direct to the Honourable the Commerce Minister."

I may point out here, stopping for a while, that the Commerce Minister himself on many occasions has stated —I need not quote him—that on major issues, in the matter of licences, he personally deals with those matters. He said that whenever there are any complaints against his choice, all those complaints were to go to him for the purpose of disposal.

> "It was, however, added that most of the complaints proved to be not only frivolous but that applications in many cases did not conform to the rules and regulations prescribed for making applications for licences and the post of the Complaints Officer was therefore abolished. The present practice, we were told, is that the complaints are received by the Commerce Secretary and sent to the Chief Controller of Imports for action."

Again, let me pause for a moment here and say that so many officers are appointed in the different States for the purpose of dealing with these applications for licences. They are the persons against whom complaints are lodged and strangely enough, these complaints are sent to the very officers against whom those complaints are lodged. The Committee proceeds to say:

> "We do not think that this rough-and-ready method of disposal of complaints will infuse confidence in the minds of the public and rid the department of charges of nepotism and corruption."

It is not Mr. More who is saying that there is a lot of corruption. It is the Estimates Committee which says, "rid the department of charges of nepotism and corruption".

Shri Karmarkar: "Charges".

Shri S. S. More: Charges. My friend intends to say that those charges are to be proved. They are not proved. The Estimates Committee made a request to the Government that they should appoint a Committee with a District Judge. Have they appointed any such Committee with a District Judge? No. Why not? Because my friend wants those charges to remain as charges and not to be converted into proofs. Where is the machinery for proving all the allegations that a permit-holder or a permit-seeker may make?

Then, I would refer to the *Report on Public Administration* by A. D. Gorwala. My friend says that corruption is of the last century. Shri Gorwala does not belong to the last century. He belongs to the present, and he says, at page 19 of his report thus:

> "The Commerce Ministry had gained an unenviable notoriety in respect of the amenability of some of its principal officials to the wishes of big business. In addition, there was alleged to be considerable corruption in the grant of licences and permits, more especially, import licences and permits. A very undesirable feature was the leakage of information about changes......"

Mr. Gorwala says that before the import policy or export policy came to be finally announced by Government all the relevant information leaked so that the interested quarters took necessary steps to circumvent all the policy declarations that may be made by Government.

Later on, the Planning Commission took note of this corruption. I do not want to weary the House. The Planning Commission drove the last nail in the coffin of those who say that there is no corruption and this is what they said:

> "In recent years, perhaps the most conspicuous areas of corruption have been those in which businessmen had to apply for permits and licences. Supervision and vigilance within the administration were inadequate and illegitimate gains were undoubtedly made."

At the end of the paragraph, they say:

> "In this connection, the recent growth of the practice among business firms of employing relations or friends of friends of influential persons as 'contact men needs to be discouraged'".

These are my evidences. These are the planks on which I stand when I say that as far as this Department is concerned......

Shri Karmarkar: Nothing about the present?

Shri S. S. More: My friend is so up-to-date. He wants to have some evidence from Government records about his department—on the 5th March, 1955, at ten minutes to twelve. I am not so up-to-date, as my friends want me to be. What does the Planning Commission say? It says there must be a continuous war against these bad practices. Well, I am

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reminded of *Pippa Passes*, a poem by Robert Browning. In that poem, an innocent girl goes about saying God is in Heaven and all is right with the world. My friend, Shri T. T. Krishnamachari, who is in charge of the Ministry of Commerce and Industry goes about saying that all is right with the world. That is the notion with which he goes about. A Minister who is so complacent about the quality of his Ministry is more like an ostrich which buries its head in the sand. That is my charge against him. I do not say that the whole trading community—all of them—are rogues or villains. Most of them are honest men earning their bread. Madam, here is a list—a colossal list—prepared by some of the Ministers, the *Weekly Bulletin of Import and Export Trade Control.*

I spent some hours in going through this list.

Shri Karmarkar: Hours?

Shri S. S. More: Yes, some hours; for Ministers everything is prepared by the Secretary and they have only to dish it out, but we have to cook the meals and dish it out ourselves. We are more unfortunate in that respect. Now, I had to spend some hours because Government have spent such a huge amount on this list. I waded through this list and found that it had been designed to conceal corruption or to camouflage corruption. There is no key to the list. There is no index of the different firms. I find that in the Bombay State particularly, some of the firms have been given import licences to the tune of crores of rupees. I do not know what is the Government rule.

Pandit K. C. Sharma (Meerut Distt.—South): A big falsehood.

Shri S. S. More: Big or small, with the magic which they possess in their pocket, they can become big in no time. The firm T. T. Krishnamachari & Sons has become very big since the Minister came to power. Whether big or small, that is another matter. But, I am here to safeguard and protect the interests of these traders and merchants who are earning their bread.

Shri V. G. Deshpande: On a point of order. Such remarks against Shri T. T. Krishnamachari should not be made and they should be withdrawn.

Shri S. S. More: I never imagined that my remark was against Shri T. T. Krishnamachari. But my clever friend in his attempt to prevent such remarks being made is only making it more clear than I did. (*Interruptions*).

Shri V. G. Deshpande: I protest.

Shri S. S. More: He is protesting, but......

Shri Karmarkar: I was not very touchy about it and I did not want to interrupt the hon. Member. But I think it is not a healthy practice to make such remarks. (*Interruptions*).

Mr. Chairman: Order, order. I may point out about the time allotment. We have time for this Bill only up to 3-30 P.M. and half an hour out of it must be allowed for the second and third readings.

Shri Karmarkar: And half an hour for me.

Mr. Chairman: Yes, half an hour for the Minister. So, we are to conclude this Bill by 2-30 P.M. There are a number of speakers. Therefore, I would request hon. Members to be relevant to the point and not say things which are not necessary. I shall have that portion deleted from the proceedings.

Shri S. S. More: Before you say that, will you please give me some hearing? T. T. Krishnamachari & Sons is a firm.

Shri A. M. Thomas: That reference has already been ordered to be deleted.

Shri S. S. More: It is the name of a firm and I may bring to your notice that the firm might be a different personality altogether from the Minister's. This is under the law. Of course, it is for you to decide. I have been complaining and I have every right to complain. On reliable facts the Estimates Committee made a suggestion that a District Judge be appointed to go into all these matters and now we are prepared to submit—many interests are prepared to submit—their complaints for judicial consideration. I can point out to you that a case has already gone to the Supreme Court and it is a matter that is *sub judice,* where a man is complaining that the whole apparatus is being used to smash other interests and to pamper only those interests which have some contact men as far as the Administration is concerned. Even the Planning Commission referred to this nefarious practice of having some contact men.

My submission is,—I do accept what you say and I will conclude by saying that I do want the Government to be the sole importer and the Government to be the sole exporter. But Government should see that corruption is not practised. Government should see that all these interests which are likely to be affected will have a legitimate forum where they can get the whole matter thrashed out without anybody pulling the strings. That is only what I am saying. This, Madam, is quite in tune with what the Prime Minister has been stating, that we want socialistic pattern. If socialistic pattern has to be evolved, then the Administration must be denuded of corruption. The Administration must be denuded of those who are complacent and blink at corruption. That is my submission, because the man who does not see corruption going on should be discarded as his nose does not detect bad odour. Our nose ,which is a very sensitive part of our body loses its quality to smell when it is accustomed, when it is overwhelmed, with a persistant bad odour. I would say that the Ministers here must have sensitive noses to sense corruption anywhere, to smell a rat which they find in the Administration. Otherwise, if they develop the wrong sort of noses, people will say that the noses must be properly cured. That is my submission.

I do not want to take more time because there are many Members who are overflowing with all the materials they command for the purpose of attacking or exposing this particular point as far as corruption is concerned.

Mr. Chairman: Now, we must fix up some time limit for the speeches. I think ten minutes would be sufficient.

Shri V. B. Gandhi (Bombay City-North): May I have fifteen minutes?

Mr. Chairman: Yes.

Shri V. B. Gandhi: I am grateful to you.

As we all know, this is a very simple Bill seeking only to continue the controls for another five years. When a Bill comes before this House with such a provision it somehow gives the impression that within the five year extension that is sought, something is going to happen which will, perhaps, enable the Government to do away with controls. It is that sort of an impression that I would like this House to examine and see how far it is an impression that corresponds with facts.

I have given notice of an amendment proposing that the period should be extended not by five years but by ten years. My object has been only that we in this House should fully understand the background behind these controls and realise that in the situation of the world today, at no foreseeable future may we expect that we shall be able to do without controls. The present world is not safe enough to leave our commerce and industry to be carried on without controls.

Now, it is a rare thing to happen, but it has happened that both the speakers who preceded me from the Opposition have given their support to the Bill and to the continuation of controls. Shri N. C. Chatterjee was good enough to give a compliment to the Minister and we are all sure that the compliment is fully deserved. Shri Chatterjee referred to a case where imports in certain articles were allowed and that led to difficulties to the indigenous industries manufacturing those articles. Here I would only beg this House to realise that the task before the Ministry is a vast one. It is

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a task which is invested with complexity, diversity and, as I said, also vastness, and in a situation of that kind any Government would necessarily have to proceed by trial and error. A Government is not judged by whether it has made no mistake, but it is judged by whether it has seen its mistakes, it has been ready to admit them frankly and prompt in correcting them.

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Coming to Mr. More, we see he has made a speech in his usual tradition. I would only say a word or two about corruption. Mr. More has relied a bit too much on books and on reports. I wish he had actually seen and talked to persons engaged in foreign trade in this country. I am sure the Minister is quite capable of dealing with this question, but as one who knows something about this business it is my duty to place before this House the general opinion that really things which could be said of the administration of import control in this country about three or four years ago do not exist today. And for anyone to talk now of those days of three or four years ago is really like talking of days a century ago.

There is a kind of impression in this House that these controls came with the war. In so far as this country is concerned they did come with the war. But controls can come without war also. In the last thirties many countries in Europe were compelled to resort to controls. France and almost every country in Western Europe, in the last thirties before the war, had to have controls, and one of the causes that led to the adoption of controls in those days was a continued unfavourable balance in their trade. I want this House to understand that. It can happen here, and our balance of trade is something which has to be watched. It led in the first place to devaluations in most of these European countries, and to check further progress in devaluation they had to resort to controls. Therefore, controls can come that way. This is one additional reason why we must watch our step in the matter of balance of trade. Of course, another additional reason and which the hon. Minister in his speech has explained at length is our being committed to planning.

The hon. Minister has also done well in saying that so far as export control is concerned, in future it is no more going to be export control, it is going to be rather "export promotion."

Finally, both in the speech of the Commerce Minister as well as in the speech of the Finance Minister while introducing the Budget, we find a general impression shared by the Government that everything is all right. with our balance of payments, if not with our balance of trade. But some of us here do not feel so sure about its being so very all right. Our country's position in respect of balance of payments today is not a position we have gained on our own economic strength. For that position we owe a good deal to what we have borrowed from other countries, to what we have received by way of Aid from other countries, and also to what we have done to our sterling balances.

To begin with the last one first, in the last four years of the Plan we have already used a considerable portion of our sterling balances, and the balances have declined by Rs. 153 crores. Then again, we had a certain advantage, an adventitious advantage due to our devaluation as well as due to the Korean War which in 1951 and 1952 gave us a phenomenal volume of export. According to the figures I have here we almost exported goods worth more than Rs. 350 crores in the two years 1950-51 and 1951-52 in excess of our exports in the previous year 1949-50. This additional Rs. 350 crores which we earned in foreign exchange, were on unlooked-for advantage because of the Korean War and also because of the devaluation, and all that we have expended.

Then again we find from the Finance Minister's speech that by the end of March 1955 we would have received external assistance of the value of Rs. 156 crores, fifty-six crores of them being by way of outright grants and one hundred crores by way of loans.

What does it all come to? It comes to almost Rs. 659 crores, or Rs. 650 crores roughly. All this is not what we have earned. It would not have come except for the Korean War which may not be repeated. We may not have another opportunity of that kind.

So if we give proper weight to these figures, the Rs. 650 crores in the last four years over and above what we actually earned, if that had not been there what would have been our position? After all, loans from other countries, external aid from other countries, or even advantages of war and devaluation are not the things on which we can depend and on the basis of which we can continue to formulate our policy in respect of export and import.

Then there are other indirect references in the Finance Minister's speech in which he says that we are paying back 47 million dollars to the International Monetary Fund. The facts behind this payment are that, after all, the one hundred dollars that we got by hypothecating our currency with the International Monetary Fund, is in a sense some kind of a loan. And that loan of course is allowed under the International Fund Agreement up to a certain point, and beyond that point we have to pay interest. I am only referring to this to make it clear that the situation in respect of our balance of payments is after all not as all right as sometimes it is made to appear. So, this House must accept controls; not only accept, but must co-operate with these controls and I am sure that we all agree with the Commerce Minister who, in his characteristic modesty, has told us that on the part of the Government, they believe there is no room for complacency.

Shri A. M. Thomas: The hon. Commerce Minister, while moving the motion, invited constructive suggestions. It is a vast subject and suggestions can cover a wide field of the economic activities of the State. I am glad to find that the Bill has been generally welcomed. In a very lucid speech, my hon. friend Shri N. C. Chatterjee has put forward very many constructive suggestions with which, I think, many of the hon. Members of this House will join. But, as submitted by Shri V. B. Gandhi, although the Bill was welcomed by my hon. friend Shri S. S. More, he has not been helpful at all. His criticism can only be termed as destructive and not at all constructive.

Shri S. S. More: Destructive of corruption.

Shri A. M. Thomas: It is a part of the regulatory policy of the Government of India that the State should have a dominant voice and control in the export and import trade of the country, especially when we are in the formative stages of a series of Plans for our country. Even in an advanced country like Great Britain, they have got control with regard to export as well as import trade. At the same time, I would ask some questions of the hon. Commerce Minister. As supplementary part of the control measures, we have entered into so many trade pacts with different countries of the world. I would like to know from the Government what effect these trade pacts have both on our external and internal trade of the country and whether it has, as a matter of fact, effected any expansion in our foreign trade. In this House when questions have been put as to what exactly had been the quantum of imports or the value of imports or the value of exports and quantum of exports as a result of the trade pacts with various countries, the answers given disclose that there has not been any appreciable increase in the trade relations with those countries as a result of the entering into of this trade pacts. Therefore, I want to know whether these trade pacts are entered into only with a view to have some psychological effect or it is also intended to have some trade significance.

My hon. friend Shri S. S. More, in passing, said that the State should have more of control in the export as well as the import sphere. I would ask the Government what has happened to the report of the Committee on State Trading submitted in 1950 that was presided over by no less than a person than Dr. P. S. Deshmukh, the present Agriculture Minister.

Shri V. P. Nayar: Waste paper basket.

Shri Karmarkar: It is under consideration.

Shri A. M. Thomas: That Committee was constituted with this term of reference:

> "Whether having regard to the present day conditions and future trends of India's international trade, it would be of advantage to set up a State-owned or State sponsored organisation for handling any sector of foreign trade of the country."

While considering the question of State trading, I concede that we have to bear certain principles in mind. When the State steps in to do the export trade of the country and adopts selling to foreign markets where individuals determine the buying and selling policies, the procedural methods of Government may not cope with the situation. In the case of countries wherein we have a totalitarian regime, it may, to a certain extent be feasible. Not only that. Forward trading is a feature of normal trade throughout the world. Where it is carried on by the State, no Government agency will be able to do it since a certain speculative element is unavoidable. Speculation is not gambling always. There is also a speculative element even in *bona fide* trade. It is an intelligent anticipation. Government officers who are subject to audit procedure can never take any risk. At the same time, I would ask what the Government has done with regard to a very nice suggestion which has been given by this Committee I refer to recommendation No. 11. It is said that a State Trading Corporation can, however, sponsor negotiation on behalf of private importers and exporters with considerable advantage to them and to the country as well. In view of the growing trends towards the establishment of monopolies in other countries, traders in this country should be encouraged to resort to collective bargaining. I would like to hear something from the hon. Minister with regard to this recommendation that has been made.

One complaint that I have to make against the Ministry with regard to their import and export control policy is that that it is intimately connected with the levy of import duties as well as export duties. But, the Government is very slow to respond to or react to market fluctuations. Export duties, as has been often stated by the Government, are levied with a view to mop up extra profits. But, even when the prices go down to an uneconomic level, the State is not usually seen to step in. Of course, the hon. Finance Minister in his speech which he delivered on the 28th of February has stated:

> "It is, therefore, necessary to increase foreign exchange earnings through increased exports and considerable attention is being paid to export promotion. Export duties and quotas are adjusted from time to time to enable the country to maintain and develop its export markers and strengthen its competitive position in the world markets."

My submission is that this principle, although it is being proclaimed as being followed by the Government is not being followed, and the State machinery is not vigilant enough to react to the market fluctuations to bring some sort of stability to the economy as well as to keep up our competitive position in the foreign markets.

Another thing that I would like to bring to the notice of the Government is with regard to the complaint that I have often levelled, namely, there is no proper co-ordination with regard to these matters affecting the export trade of our country between the Commerce and Industry Ministry and the Food and Agriculture Ministry. I would, for example, cite that recommendation of the Spices Enquiry Committee. Of course, that was a Committee constituted by the Food and Agriculture Ministry. But, some of the recommendations of that Committee concern vitally the Commerce Ministry. For example, I would bring to the notice of this House one recommendation, namely,

> "It is recommended that the Central Government should set up a special export promotion agency in New York and another in London with the sole object of expanding India's trade in pepper and other spices co-operating with similar agencies already functioning at present."

I do not think that any such export promotion agency has been set up either in New York or in any other part of the world. There are other recommendations also which concern the Commerce and Industry Ministry. I would say that all the recommendations of the Spices Enquiry Committee are fit to be implemented. I realise that some action is being taken by the Food and Agriculture Ministry. I also urge that the Commerce and Industry Ministry also should concern itself with these recommendations.

A complaint has been raised that corruption is prevalent in the department although my hon. friend Shri N. C. Chatterjee was good enough to say that corruption has decreased. I would say that one of the reasons why there is so much corruption is that the whole thing is being centralised in Delhi. That is the whole difficulty.

Shri V. P Nayar: Distribute corruption?

Shri A. M. Thomas: After a general policy is laid down, I would say that there must be a sort of decentralisation effected. I realise that some steps have been taken by the Government in that direction, for example, opening of the office of the Deputy Chief Commissioner of Imports and Exports at Cochin. I would submit that more offices at important centres should be opened, so that it may facilitate the issue as well as the grant of licences both for import and export. I suggest that such decentralisation will be of considerable advantage. And the hon. Minister himself was pleased to observe that the Government's policy is also to decentralise the machinery as much as possible.

Then, another suggestion which I would bring home to the hon. Commerce Minister is this, that when we look to the interests of the entire country we must also bear in mind certain regional balances. For example a State like Travancore-Cochin is deficient in the matter of rice, but is dependant mainly on its coconut trade and by-products of that industry. When the Central Government approaches this problem it does not have an eye on the local economy at all. It bases its decisions only on the shortage in the country as a whole. In answer to a question put in this House on the 28th February it was stated that the percentage of requirement of cocount oil met by indigenous production is about 75 per cent, so that the shortage, even according to the Government, is only to the extent of 25 per cent. So that the regulation of imports has to be very carefully done by the Government, because the margin is so narrow and it would have terrible repercussions on the economy of certain parts of our State. It may be stated that the very words "Ceylon copra" will frighten the grower of our State. The difficulty is that there has been indiscreet import of Ceylon copra and there has been also indiscriminate reduction in the matter of import duties. According to the figures supplied by the Government the import of copra in 1953 has come to 26,655 tons of copra and 23,003 tons of coconut oil. For 1954, the figures are 62, 125 tons of copra and 23,324 tons of coconut oil. I would seriously suggest to the Government that when import is made, there must be a proper import duty so that the indigenous grower may be protected, and it may be borne in mind that it may not be possible for the local grower to compete with the grower in Ceylon or in Malaya because they grow these coconuts on a plantation scale there. So, my humble submission is that these facts may kindly be borne in mind, when we regulate the policy of exports and imports, regional balances also should be kept.

Shri M. S. Gurupadaswamy: We have been given to understand that the present import and export policy of Government is governed by a few basic

[**Shri M. S. Gurupadaswamy.**]

factors. The other day the Minister gave the main considerations on which import policy is based. He said that the industrial requirements of the country and the demand for industrial raw materials and then the demand for consumer goods form the basis of the import and export policies. He also said that liberalisation has been brought about to import new items and also moderate increases are allowed in the import of luxury and semi-luxury goods. I do not want to belittle these considerations. But I would point out that some of other important considerations have been left out from the purview.

Normally, when we are in a planned economy, we expect that any policy whether of trade or commerce, should be related to the development plan that we have undertaken. That should be the fundamental view and that ought to be the approach to any economic question, whether it be a question of trade, or of industry or of agriculture. So, all our policies should relate to the basic policy of our economy. They should subserve the interests and the needs of the community. But, unfortunately, this consideration has been left out from the purview of the Ministry. Nowhere do I find any reference made that the industrial policy pursued by the Government of India has taken into consideration primarily the basic requirements of industry and the impact of this trade on the cost of living of the people and its impact on the other various sectors of our economy. I shall presently point out that the policy that has been so far followed by the hon. Minister has not worked favourably in the interests of our economy.

Let me refer to a case of which hon. Members are aware, the case of the import of Burma rice. This matter came before the House in the last budget, but when I raised this question, I was told that all my remarks were baseless. I made a complaint then that the import of Burma rice at such an exorbitant rate of £ 48 per ton was unnecessary and the deal was wrong and was not in the best interests of the country. The prevailing rate for Burma rice at that time in Burma itself was £ 34 per ton. (*interruptions*). There was a difference of £ 14 or so. Now, you know, the other day the Finance Minister, while making the budget speech, said that we have lost Rs. 45 crores on account of this deal. And this loss in money has been spread over a period of fifteen years. So, you can very well understand how the import policy has been working.

Let me give one more instance, which is very recent, and which has been referred to already by some hon. Members. Recently, two firms have been given the entire monopoly of distributing soda ash. Till today, the policy was to give licences to established importers to import, or if possible to import on Government account to distribute only through certain recognised channels. But now what has happened? The import and distribution of soda ash, sodium bicarbonate, art silk, and caustic soda, has been given entirely to two firms, one foreign, and another of course Indian, Tata Oil Mills Ltd., and the ICI, Ltd.

Shri Heda (Nizamabad): Are they distributors or importers?

Shri M. S. Gurupadaswamy: They have got the entire monopoly of importing these items, and then they distribute.

Shri Heda: They do not import.

Shri M. S. Gurupadaswamy: And they are to be given 12½ per cent towards handling charges.

Shri Karmarkar: I might inform my hon. friend of the correct position. What has actually been given to them is distribution; and for distribution, they are given 12½ per cent. They have not been given the right to import at all and so my hon. friend may proceed on that basis.

Shri M. S. Gurupadaswamy: That is why I said that they have been given the entire right of distribution.

Shri Karmarkar: You said importing earlier.

Shri M. S. Gurupadaswamy: The distribution of these articles is given to these two firms, and 12½ per cent is allowed to them towards handling and clearance charges.

Shri Heda: That has nothing to do with import policy.

Shri M. S. Gurupadaswamy: This is something which has been unheard of in the history of import policy. So long, this policy was not followed by the Government of India. This is something unwarranted. I am sure if this had been thrown open to other small distributors, many people would have been benefited; or Government themselves could have done the distribution if it were possible.

I now come to another related matter, to which a reference has already been made by Shri A. M. Thomas namely the question of State trading. Shri A. M. Thomas has enquired as to what has happened to the Report of the Enquiry Committee which was set up under the chairmanship of Dr. P. S. Deshmukh. That Report has been there and the Committee have made a number of recommendations in the matter. Even the Taxation Enquiry Commission have made a reference to that Report, and have observed that it may be possible and necessary in the interests of the country that certain segments of our trade should be taken over by Government for trading. The Taxation Enquiry Commission have further pointed out that there should be fiscal monopolies in certain commodities; that is to say, Government should take over the control of, and trade in, certain selected commodities which are produced or sold in India. But nothing has been done in this direction. The idea of State trading has been brushed aside, and it has not been accepted. Time and again, we have been told that we must follow a socialist pattern of society, and we should adopt socialistic methods. But we have to begin somewhere. The other day, there was a suggestion to the hon. Minister of Railways that something should be done for labour representation in the Railway Board, and some other day, there was some other suggestion. So, every time we have been making concrete suggestions. But I am afraid Government have been following policies which are contrary to their own theories they have been following methods which contravene their declarations made on platforms and in conferences. I say, therefore, that no action has been taken on the Report of the Committee on State Trading, and I am very doubtful whether Government would consider the question of implementing the proposals of the Taxation Enquiry Commission in this regard.

I now come to the next very important question, *viz.* how this policy has not helped certain industries. I am of the view that this policy has not helped our industries, and I might give one or two instances. Take, for example, the case of cement. What is the state of the cement industry in India today? We were having a very good market in Burma, but unfortunately, due to the heavy export duty on cement, we have been losing the Burma market, and that market is being taken away by Japan. Japan has stepped up her export to Burma from 2,000 tons to about 20,000 tons last year, while India's export has declined from 22,000 tons to 6,000 tons.

We have also been having a lot of trouble in the textile trade. We have been hearing that the Government of Britain are thinking of taking some sort of safeguarding action to protect the Lancashire industry; and the Lancashire interests have been urging upon that Government to take steps to prevent Indian exports to England, or to levy a higher duty on Indian textiles. And what is the situation in India today? We have increased the production of textiles in our country. In spite of that, the *per capita* consumption of textiles is still at 15 yards, and it has not increased at all. Before the War, it was nearabout 16 yards. So, we have not even reached the pre-war level of consumption; and the extra production in textiles has been utilised for the purpose of promoting our export trade.

[Shri M. S. Gurupadaswamy]

By this we are creating trouble in the market in U.K. Businessmen are dissatisfied, and they are not peaceful. Here, in India also, our people are not getting enough quantities of cloth. The result is that we have disturbed the market in England, and we have not exploited the market in India either. You could have stopped that cloth export, and diverted it for internal consumption, but that has not been done. Today, cloth is selling at such high prices in our country that it is beyond the reach of the purchasing capacity of the masses. If cloth had not been diverted to the export channels, but had been consumed in its entirety in India, at least the prices of cloth within the country would have gone down, and the consumers would have benefited, and they would have had more cloth to consume. But unfortunately, we have been creating trouble in the English market, and we have also created trouble for ourselves within the country; so, this policy has not helped either England or India. I say therefore, that this is a policy which has not been properly planned, and which has not been based on proper considerations.

I would like to say a word about GATT, and the system of imperial preferences, or Commonwealth preferences. As a result of the preference system, we have lost nearly Rs. 2 to 3 crores. The Taxation Enquiry Commission have given figures to show that in one year, we have lost about Rs. 3·5 crores as a result of concessions. But England has gained, on the other hand. I might quote one or two sentences from the Report of the Taxation Enquiry Commission, so that you will understand what the real position is.

> "Imports of preferred commodities from U.K., as a percentage of total imports of preferred commodities increased from 46 in 1938-39 to 57 in 1952-53. Thus, the importance of preferred commodities in India's imports has remained fairly constant and the share of U.K. in our market in preferred commodities has increased appreciably".

Then it says:

> "The loss in revenue from preferences may be estimated at Rs. 3·5 crores".

We have gained comparatively little; I think the gain is far less. So by the working of this preference system, we can see that it has not worked to our advantage. The balance of advantage has always gone to the other party. So I feel that this preference system should be scrapped and we should adopt other methods.

About GATT, we are aware that many attempts have been made by the Ministry to release itself from the obligations in regard to certain items. But till now, we have not been successful; we are still bound by them. One of the conditions for the formation of GATT was that there should be another international trade organisation accompanied by it. The Havana Charter has not been implemented till today and the GATT still continues; and we have not been successful in getting ourselves released from the obligations in regard to certain items. Therefore, why should we have this membership of the GATT and at the same time, fight there for our rights? It is unfortunate. These anomalies in our trade policy should, as far as possible, be dealt with and cleared. The Government of India should follow a very forward and very up-to-date policy based on State trading in certain segments of our trade, internal as well as external, and they should also, as far as possible, drift away from the GATT obligations.

Shri N. M. Lingam: In common with the previous speakers on this Bill, I extend my support to this measure. It is also good that the Bill has been extended for the first time to the State of Jammu and Kashmir.

The Bill, after enactment, will extend up to the year 1960. Shri V. B. Gandhi has given notice of an amendment by which he wants to extend the period to ten years. My own feeling is that this measure should be extended at least till the expiry of the Second Five Year Plan. I hope the Minister will consider extending it till that date, that is, a period of six years, if there is no departure from the scheme of the Bill thereby.

Two different views on the Bill were voiced by two Members of the Opposition. Shri N. C. Chatterjee praised the work of the Ministry and said that the private sector had become buoyant after the come-back of the Minister of Commerce and Industry, Shri T. T. Krishnamachari. I do not know whether this remark of Shri N. C. Chatterjee's is a compliment to the Minister. Shri S. S. More, on the other hand, was complaining of corruption being rampant in the Ministry in the matter of issue of licences for imports. Again, Shri N. C. Chatterjee was saying that established trade channels should be given priority in the matter of issue of licences and Shri S. S. More was saying that the State should take over external trade. I do not know where to find a meeting ground between these extreme views. It is perhaps best to leave those views at that, because they cancel each other, and proceed to examine the Government's policy on its merits. Unfortunately, Shri S. S. More lost himself in his cold dissertation on corruption, and it is no wonder that he accused the Ministry of being ostrich-like and losing itself in the sands of complacency. My own feeling is that Shri S. S. More had lost himself in the sands of perversity, because we know that, at any rate, after the advent of the present Minister of Commerce and Industry in 1952, a great deal has been done not only to eliminate corruption but to......

Shri V. P. Nayar: Even encourage it!

Shri N. M. Lingam: ...reduce the time-lag between application for licences and the issue thereof. He has also taken steps to decentralise the function of issue of licences and he is personally looking into the progress of the issue of licences for imports. So in fairness to the Ministry, it must be said that a great deal of improvement has been achieved and the process is going on. Although corruption is inherent in any system of control, it is being steadily eliminated.

With regard to the policy of the Government, I have got to make one or two observations. It is said that out of about Rs. 500 crores worth of imports, non-essential consumer goods account for nearly Rs. 14 crores. I fail to see why the Government should go in for even this limited extent of non-essential consumer goods when we are hard-pressed for foreign exchange for our capital goods for our developmental schemes. This question has another aspect also, because if non-essential consumer goods are restricted, it will produce a psychological effect in the country which is being geared up to a system of austerity or sacrifice. So from all points of view, it would be salutary if imports of non-essential consumer goods are altogether stopped.

There is another important matter to which I want to draw the attention of the Ministry with regard to exports. It has been laid down recently, with regard to tea, that a slab rate is most suited in the mater of regulation of export duties. The Finance Minister announced in his Budget speech that the export duty on tea would vary according to the price of tea. I feel that this is a salutary principle and this should be extended to other commodities like pepper, spices etc., because I agree with my hon. friend, Shri A. M. Thomas, that Government have not been prompt in taking action to reduce export duties whenever world markets fell.

With regard to the scheme of issue of licences to established trade channels, I am for liberalisation of policy in the matter of exports. I mean with regard to imports, it should be restricted solely to the import of capital goods. But, in the matter of exports, we are living in a period where we are having a dynamic economy. We are aiming at and we are witnessing social mobility. So, to talk too much of established trade channels is to counter the progress that we are achieving under the Five Year Plan.

[Shri N. M. Lingam]

To quote an example. In the matter of export of vegetables, there is a percentage allowed to the various categories. Forty-five per cent of the quota released will be distributed amongst established shippers, 25 per cent of the quota will be allowed to co-operatives, 5 per cent of the quota will be distributed to post-basis exporters who exported vegetables after first January, 1945. My complaint is that we have to liberalise the quota for newcomers if we believe in social mobility, in developmental economy. Are the post-basic exporters, because they happened to export only after two or three years after the so-called established shippers, to be prepetually under this handicap and are these shippers to remain established till eternity? I feel that we should liberalise our export policy so that we may take into account newcomers in the field and that more people in the country may take advantage of the export and thereby inequalities may be lessened in the country.

With regard to imports again, I would like to know if there is co-ordination between the Ministry of Commerce and Industry and the Ministry of Defence. We have set up a scheme of priorities for imports. First, we were importing food, then capital goods for development, then essential consumer goods and then non-essential consumer goods. I want to know if a strict policy like this is followed with referrence to Defence stores. We are arriving at a very critical stage with regard to our foreign exchange. We will not be able to draw largely upon our sterling balances in the Second Five Year Plan. So, it is of the greatest moment that our balance of payment position is kept unimpaired. So, I would urge upon the Ministry to see that only the most essential goods are imported not only with regard to the civilian requirements but also with regard to our Defence stores.

Madam, I have done.

Shri V. P. Nayar: Madam Chairman, I am glad that at least at this stage the Minister of Commerce and Industry has taken over from his junior colleague. The other day when Mr. Karmarkar was moving this Bill, he said that he would welcome constructive suggestions and he also hoped that he will benefit from the discussion in this House. I can assure him that if he is earnest, he would be getting plenty of constructive suggestions and if he is equally earnest this criticism will be of great benefit to him. I am saying this because the prior statement which Mr. Karmarkar himself has made during the course of his speech was that he was a past lawyer and he contrasted his position with that of Mr. More whom he said was a present lawyer and Mr. Karmarkar himself admitted that he was a past lawyer. I was going through his speech not only in this House but also in the other House and I found that that was, perhaps, the truest statement which he made. Everything of what he said did suggest that he had no grip on the subject. It was as if a lawyer who had suspended his practice for 10 or 20 years took a new case and went on with old citations.

The principle of the Bill is something with which we agree. But, our grouse is that the principle is not being practised. In fact, we have to control foreign trade. There is no question about it. But, our complaint is that the foreign trade of India is and not controlled in a manner to utilise it to the fullest advantage of a growing economy. We must realise that the necessity for the control of foreign trade is paramount when we are supposed to have a planned economy. Such control as Mr. Karmarkar seems to have and as he was striving very hard to establish is not a control for mere figures. I was checking up the figures which he gave to establish his case and I find that in order to have the fullest emphasis on this point, Mr. Karmarkar quoted figures to an aggregate of 4,689 crores. These figures may be suggestive but they are not certainly the proof of what has been done.

In the matter of foreign trade, it has been said that this Government has been bungling to some extent. I do not say that they have not made any attempt to improve. They have made some little attempts. For example, in recent years, you find there are so many agreements with countries with which we have had very little trade. But those trade agreements are there and trade has not progressed to any desirable extent. We welcome such agreements and we want such agreements to be implemented also. But, fundamentally and basicaly the policy of Government has not changed in so far as they have been formulating their policy on foreign trade. We believe that the economic development within a country ought to weigh and ought to be the most important consideration in determining the policy of foreign trade. If it is the case of the Government that the foreign trade policy has been formulated and implemented well, Government must be able to substantiate the case and the correctness of the policy with figures around us. No attempt has been made. On the other hand, we find that although foreign trade has been well calculated according to Government and directed in its way, what is it that you find today? We find that Government say that the food situation has improved. Is the Government competent to say that consistent with the improvement in the food situation, as indicated by the figures, the *per capita* consumption of Food has increased? Can the Government give us any figures to suggest that the *per capita* consumption of food in this country has recorded an increase from the levels of 1939? I understand that cloth production has increased. Undoubtedly so; but what is the *per capita* consumption of cloth today? The overall industrial production has increased to some extent but Government also admit that industrial profits have been in arithmetic progression. Along with the fact that you have overall general industrial production, which is going from better to better, and also of industrial profits, what we find is the distressing feature of unemployment growing in geometric progression. Is this the plea of stabilised economy? I fail to understand what is ment by this.

Then there is the question of the overall agricultural situation. There is growing agricultural unemployment. Is the Government prepared to contradict that. There is a fall in prices of all agricultural commodities. Is the Government prepared to contradict that?. It is for controlling all this that foreign trade ought to be controlled. So far as the exports are concerned, what is the trend of our export? I do not say that the State should not encourage export. The State should promote it. But, in so far as exports are concerned, we know that in recent years our exports very largely depend upon the crisis which you have in countries to which our trade is yoked. You find if there is a crisis in America, the prices of all commodities which we import to America will be slashed sometimes to the extent of 30,40 or even 50 per cent. What is it that you find in the case of pepper and manganese and mica, of almost everything which we have been sending out to America in large quantities? My point is that although Government are said to control the export duty it is absolutely no control because we are tied down by some pernicious agreement to which I will refer later. These are the facts around us and in this context we must analyse how far our foreign trade and our policy of import and export has succeeded in stabilising our economy. We are not concerned whether we import 500 crores worth. The primary concern of Government seems to be one of having the available foreign exchange reserves utilised in a way. To our mind, it has always been this, that the foreign exchange resources should be so carefully used and that there must be calculation to the lowest limits before we use the foreign exchange reserves. In this particular matter, you will find that the available foreign exchange resources have not been diverted for the development needs of the country.

[Shri V. P. Nayar]

1 P.M.

I was very glad that the observations came from the hon. Member over there, Shri Lingam, that we are wasting about Rs. 14 crores over luxury and semi-luxury goods. I welcome such suggestions from hon. Members opposite. What is the purpose? The Government is asking all the workers to tighten up their belts. Could they not ask the rich people that they might at least forsake their diamond rings and very costly watches? Is it not inconsistent with their planned policy that with the very limited foreign exchange resources available, we are wasting Rs. 14 crores? It may be little as compared to the very huge necessity of the country, but that Rs. 14 crores can certainly be saved for capital machinery. Government have laid down priorities. What is the import of capital goods which are required for production. We always insist that in any policy of utilising foreign exchange resources, they must give the utmost priority for capital goods and essential industrial raw material. Has this been done? If you go through the statistics of the Commerce Ministry, you will be surprised to find that even in 1954, India has imported capital machinery only to the extent of Rs. 38 or Rs. 40 crores. What was the machinery imported. I was surprised to read one of the speeches which Shri Karmarkar himself made in New Delhi on the changing pattern of India's imports and exports. This is what Shri Karmarkar said and I am quoting from a Press report dated the 28th November 1954, not very old, of course:

> "The composition of imports had undergone a perceptible change. The value of plant and machinery imported remains almost stationary from quarter to quarter. This is due, according to Mr. Karmarkar, to the fact that India now imports fewer diesel engines, motor cars, bicycles and a host of other items, now manufactured within the country."

This necessarily means that the classification of the machinery which was there in the statistics, includes machinery such as bicycles. Perhaps they may include automatic razors also, nobody knows. Even including all those things, the total import of machinery into India, which is said to be planned, which is said to be going out for production is stated to be Rs. 38 or Rs. 40 crores. When I was comparing the figures with the figures for 1951-52, was very much distressed to find that the total value of imports of capital goods or machinery has been showing either a stationary trend or a steady decline. It is in this context that Government have come out with their policy of liberalisation and they call it a selective liberalisation—very high-sounding, indeed, for a policy which is merely aping the policy of the U.K. We are bound with the Commonwealth countries and we have to take the lead which is given to us by the U. K. In U. K. you will understand that the policy of liberalisation had a different purpose altogether. The economy of U.K. is very much different from the economy of our country. We know—and Shri Krishnamachari who is staring at me now also knows—that in U. K. the policy of liberalisation was brought forward in order to exert some pressure on the United States to reduce the tariff wall. Is that not so? Is it applicable in the case of India's present context? I am very sorry to say that this policy of liberalisation, although it may be advantageous to some countries, is nothing but a copy of the policy which you had in England, and naturally, as long as we are bound with the Commonwealth, we are bound by agreements, import preferences and all that.

I am putting these questions to the hon. Minister. Take for instance sode ash. Japan was offering soda ash at prices much below those of other countries. In countries like Japan, which have been pushed out of the world market for the last so many years and which want to re-establish themselves in the world market, there is a programme for subsidising exports, under which conditions this policy of liberalisation or tariff walls will not be of any use. Such countries are sure to dump their goods into this country. What is the specific remedy which the Government envisages in order to prevent such subsidised export of articles being dumped into India? I would pose this question. If you set up a stiff tariff wall and after you set up a stiff traiff wall and after that more goods are dumped into this country, what steps do Government propose to take in order to have the duties raised further for preventing such dumping? Raising of duties, being a statutory requirement, will take some time before which you will find that the entire India will be flooded with such goods. These are the grave dangers which have not been protected against.

I have a word to say about the elimination of quantitative restrictions also. To our mind, the elimination of quantitative restrictions is utterly incompatible to a planned economy, because in a planned economy, as I said before, the supreme need is the need for distributing the available resources through well-laid out priorities. If you do away with this, you will be opening the flood gates for foreigners to dump their goods here. I would just illustrate this point. Supposing India demands 10,000 tons of D.D.T. and if the quantitative restriction on D. D. T. is taken away, what will you find? This whole country will be flooded with D.D.T. If the Government's contention is that the retention of quantitative restriction is a factor which helps the trade and creates an artificial scarcity and then to reap more fruit, I am sorry Government are wrong. Government have every means in their power to prevent artificial scarcity. They can control the prices of the goods and they can also ensure that there is a fair distribution of the goods and see to it that the offenders are given the most deterrent punishment. Instead of that, if you take away the quantitative restriction, I can only say that it is as much liberalisation as to burn the house in order to kill a mouse. That is not the way in which you ought to proceed.

I would go to another aspect of the policy, namely, the present system of licensing. We all know—I do not want to refer to names—that the system of licensing has been very much criticised. It is very easy to get a licence provided you have some pull at some quarters. The system of licensing is such that perhaps some of the licence holders do not operate it properly but use it for nefarious trades, and there are instances where licences have been abused. I understand that there are two or three cases pending in the Supreme Court and as the matter may be *sub judice*, I do not want to comment on them.

Next I come to the question of imperial preference. I remember that during the discussion on the Tariff (Amendment) Bill—I do not exactly remember whether it is the First Bill or Second Bill of 1954—the hon. Shri Krishnamachari said—and I want Shri Karmarkar's attention......

Shri Karmarkar: I am listening to him.

Shri V. P. Nayar: —— that in the matter of imperial preference, India gave preference to British goods only to the extent of Rs. 50 crores or Rs. 55 crores, while India got preferences from U. K. for goods to the extent of Rs. 205 crores. Ordinarily, as one understands the arithmetical side of it, it means that we have given preference only to very little quantities of articles imported, but on the other hand, using this preference, we have got concessions on very large quantities of articles. This is precisely wrong. Mr. T. T. Krishnamachari himself gave the lie to the statement later on in his speech I think he said that it was not possible, in the interest of the public, to disclose the recommendations of the Committee which the Government itself appointed! What does it mean? If India gets conces-

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sion from the U. K. on goods which we have exported to the U. K. to the tune of Rs. 205 crores what is the public interest which is involved in it? We want to know on what goods the British are giving us concessions by reason of this imperial preference. We also want to know on what goods we are forced to give. Supposing, it is a question of sending jute.

Shri Karmarkar: That is specified in the agreement itself, which is a published document.

Shri V. P. Nayar: I am coming to that point. If we are given some concession on jute, cotton textiles or tea, of pepper, cashewnut, mica or manganese and things like that, that does not mean that you are really getting a concession, because, whether she likes it or not, England has to buy some quantities from India. If, on the other hand, you give concessions under the preference, to some articles which England can very easily get from any other source, then, it means something. What we want to know, therefore, is precisely this: on what articles the U. K. has given us concessions, and on what articles such concesions alone were responsible for the furtherance of our trade with the U. K. we do not want the actual figures. If you can convince me that on such articles without the preference, no trade would have been possible between India and the U. K, I am one with you in continuing the agreement. But that is not the point which Shri T. T. Krishnamachari made. I remember that, when this question was raised. I vividly remember what he said. I want to know the specific articles on which, and to the extent to which we were able to trade, solely because of this concession. I hope that Shri Karmarkar will help me on that point. Then, Shri Karmarkar wanted some concrete suggestions. I shall await his arrival, because he is not there, and I want him to take down the points. I now see Shri Karmarkar entering the House.

Shri Karmarkar: I am always attentive to what Shri V. P. Nayar says.

Shri V. P. Nayar: Then there is this question of GATT. I am very sorry that I have to repeat again and again my points on this vexed question.

Shri Karmarkar: We are also sorry.

Shri V. P. Nayar: I heard the Prime Minister, the other day, saying that there was no meaning in an agreement on non-aggression between a dwarf and a giant. I ask the hon. Minister: what is the meaning of an agreement between a dwarf and a giant in trade? The countries which are bound by this agreement have different economies. The ills of these economies cannot be cured by a single agreement... It is common knowledge that a doctor, by administering the same medicine, cannot cure all diseases—whether it is tuberculosis, or stomach-ache or blood pressure or meningitis. All diseases cannot be cured by the same medicine. This is no overall cure. Instead of that, I would have welcomed it if the hon. Minister of Commerce had commodity agreements with other countries. If we had agreements with other countries in which the other countries agree to take our commodities, it would be good: say, for example, 5,000 tons of pepper, 25,000 tons of manganese, etc. If these commodities were distributed to various countries, I would have very much liked the idea.

Now, I give these concrete suggestions. I have numbered them in order to save time. The Government must get away from the GATT. The Government must do away with all sorts of imperial preferences. The Government must have commodity agreements with all countries. The diversification of trade must be there, and it must be worked with greater success. There must be a greater participation of the State in the matter of foreign trade, because it is only by that that you can control the profiteering and black-marketing methods. The more the State takes part in the actual foreign trade, the less will be the chances of black-marketing. Some lies have been propagated about a very potential section of our buyers, by very interested parties who are in collaboration with Anglo-American imperialism and functioning in circles which are against the best interests of this country. I refer to the statements made by Shri Walchand Hirachand and Shri Kasturbhai Lalbhai—both of them are working in collaboration with foreign monopolists. I understand that Shri Walchand Hirachand is in collaboration, with the Chrysler Corporation while Shri Kasturbhai Lalbhai is, I think, in collaboration with the American Cyanides. I have been referred to personally by Shri N. C. Chatterjee. You know there has been a controversy about soda ash. Shri Karmarkar himself had a lot to say in the other House. Of course he said that Shri Bhupesh Gupta's sense of hearing was not good.

Shri Karmarkar: Here it is all right.

Shri V. P. Nayar: I never thought that he would be more cruel. I find that his sense of under-standing is very much inferior to that of Shri Bhupesh Gupta. I have got two notifications. One was made in 1950 under the Supply of Goods Act and the other in 1954. On the 14th February, 1954, Government said that the Sale of Goods Act had expired and that there would be no longer any control over the price of soda ash. But behind that—Shri Karmarkar knows it —there is a very patent fact. During the licensing period—July—December 1953—for soda ash, one single concern has been given an *ad hoc* licence. I have made a charge the other day, when we were discussing this question. I still maintain that, and I charge the Government that this particular quantity, for which an *ad hoc* licence has been given for the first time, was imported in order to give a free allowance for selling it at any price; although the Government had the powers to control it under the Essential Supplies Act, Government did not care to control it. You find that a repeat order was given to that firm. It is well known to hon. Members here; I do not want to refer to the name of that firm.

Mr. Chairman: Your time is up.

Shri V. P. Nayar: I crave your indulgence for one more minute.

Shri S. S. More: May I bring to your notice that when legislation is being made, when Bills are discussed, there is ordinarily no time limit.

Mr. Chairman: I have given him enough time. He will conclude soon.

Shri V. P. Nayar: I shall finish. The whole question about the soda ash was discussed in the House. Shri Karmarkar tried to create a very erroneous impression in the minds of the people. The price of soda ash has always been controlled from 1950, so that there is no question of profiteering. In fact, I know for certain that when offers came for soda ash from overseas suppliers, the offers were getting less and less. It was not going up at all. Never before in the history of the distribution of soda ash has Government given a commission of 12-1|2 per cent. Always the price has been fixed,—handling charges, importer's profit including sales-tax and the maximum fixed by Government was a mere ten per cent. Is that not so, Mr. Karmarkar? I am asking through the Chair. Have you ever fixed 12-1|2 per cent?

Shri Karmarkar: I shall reply to it later.

Shri V. P. Nayar: Now, my only argument is..

Mr. Chairman: Order, order. Shri Tulsidas.

Shri Tulsidas (Mehsana West): I thank you for giving me an opportunity to speak on this Bill. This Bill is to extend the powers in the hands of the Government for controlling imports and exports. It is rightly pointed out in the Statements of Objects and Reasons that "the need for the Central Government to have legislative powers to control the foreign trade of the country is, however, as great today as it was in 1947". I fully agree with the objects of this Bill and under the present context, these powers are ab-

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solutely necessary for the Government. What we are now asked to discuss, and really the question is, this: as to how this policy of controlling imports and exports has been functioning. Certain suggestions have been made by the different Members with regard to how the system should function in future. I know we had certain discussions on the question of export duties on groundnut oil and cake, and certain references were made to them. The hon. Minister has said—I do not know whether I am quoting it properly—that the Government followed the recommendations of that Committee. Differences arose, and I am sure that the hon. Minister did not mean what he had said then. I know, however, that it was mentioned that way.

[SHRI BARMAN *in the Chair*]

Shri Karmarkar: I may make a reference in passing. My friend perhaps has taken it very seriously. When he pointed out certain errors, I said we might have been responsible for those errors partly, in regard to certain recommendations of the Committee. He need not be too serious about it.

Shri Tulsidas: No. I am saying this because this Committee has given recommendations which,—I know several times the hon. Minister did say, have been very useful and the improvement in Import Control which we see today is because of the recommendations of this Committee.

Shri Karmarkar: I stand by it.

Shri Tulsidas: Now, Sir, as I said, in the past, on account of several reasons which the hon. Minister knows very well, a number of things happened and the import and export control did not function as it ought to. But, I know that since 1953 the policy has been more stable and we have been able to reduce the different complaints which were there before. At the same time I do like to mention here that with regard to the import policy the general objective should be that—and that has been enumerated even in this Report—firstly the raw materials for existing industries should be controlled. We have the balance of payment difficulties in this country and therefore we have got limited amount of foreign exchange. We must, therefore, have the control on imported articles. Therefore, this Committee made some certain definite recommendations as to how the priorities of different articles which are imported should be adhered to. I hope, and I am sure, most of this time this policy has been more or less on the lines as has been recommended by this Committee.

But, it has happened that in certain cases—I know some of the hon. Members did mention about it—difficulties have arisen on account of certain policies which have now been adhered to. I am told and it has been represented to me by a number of people and associations that on account of this policy, particularly with regard to monopoly import, a very large section of the middle class business community has now been completely uprooted and that has been due to, perhaps the Government felt, the fact that the prices for soda ash and caustic soda have been ruling in the market very high. I would only like to point out that to my mind—and that is what has been represented to me—the firms who were more responsible to keep these prices high—particularly, one of the firms at least, a foreign firm—have been given the distribution work and I do not know how far this monopoly distribution will be able to be successful with regard to keeping down the prices. I know the Government will import and distribute only through these firms and there will be no reason for the Government to feel that prices will rise. I may also point out—and I am sure the Minister knows it very well—that particularly in this commodity is a cartel and this cartel is more or less monopolised by this firm ICI who has been now given this monopoly distribution.

Shri M. S. Gurupadaswamy: They want that monopoly and that is why it has been given.

Shri Tulsidas: I only hope that this policy may be successful because it has uprooted a very large section of the lower and middle class business community. I would also like to know from the hon. Minister how the Ministry functions with regard to the import of sugar. After all, the import control is responsible for imports of all commodities in the country. The history of import of sugar has been well known. It was purchased by the Government from different importers and licences were given as they were purchased from these importers. The normal policy of the Government with regard to import of any article, particularly when the import is of the magnitude of Rs. 50 crores, should have been more on the basis of normal trade channels instead of importing from firms who come and offer them and then give them the licences. I know the Commerce Ministry have no say in this, but since this Act is more administered, and practically should be administered by the Commerce and Industry Ministry, it is they who should have been seen to it that the import of sugar also should have been canalised through the normal trade channels.

Then there is another aspect. We have the question of barter for export of groundnut oil cake and the import of ammonium sulphate. I had mentioned last time that this barter was done by a foreign firm and a complete monopoly was given with regard to the purchase of groundnut oil cake and the import of ammonium sulphate which they give to the Government. In that complete monopoly the firm had full authority and full freedom to buy groundnut oil cake at the price at which they could get even forcing the price to such a low level in spite of the fact that the price realised by that firm is about 2-1/2 times than what they were paying here. There was no export duty but the firm said that they will be giving 2-1|2 tons of ammonium sulphate against this export which they were going to monopolise, free to the Government. That was the only benefit which the Government got. But, a very large section of the people who were interested in this trade were completely uprooted.

These are some of the points which I feel should be looked into. Whenever any policy of the import and export control is considered they should look at it from this point that, apart from the benefit which the Government may derive in having monopoly imports or anything of that sort, they should also see that a very large section of the people not uprooted. By their policy a very large section of the people who are carrying on trade should not be completely brought out of their places. That is a very very important point.

Another point I would like to mention is that they have now introduced in this kind of amendment, the question of licensing fee. I hope this licensing fee will not be such as to be a great burden on the applications which are being made. You know very well that applications are made in large numbers and only a few people get the quotas so that a large amount of money by way of licensing fee is collected from persons who actually do not benefit from any quotas being given to them. I only hope that the fees will be reasonable and will be such as to be not a heavy burden on those large number of people who make these applications.

I have nothing more to say.

Shri Jhunjhunwala (Bhagalpur Central): Sir, I congratulate the Commerce Minister for bringing this Bill. I totally agree that if there was any necessity before for this export and import control, it is no less now than before, but the way in which the control was administered before was not with the object of what it should be. In the beginning this Import and Export Control Act was

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administered in a way which resulted in uprooting a very large number of middle class people and who were dealing in export and import articles on small scale. Licences were only being issued to the so-called established dealers and the whole trade was monopolised in the hands of a few; more so, in the hands of the foreigners and in the first few years this Control Act did nothing more than patronising the pets and monopolising that trade in the hands of few. I am glad to say that now the Government has changed its policy. Now these import licences are not being issued only to the established dealers and it is not being monopolised only in the hands of a few, but it is liberalised and licences are being given also to the newcomers, but even now not to the extent as it should be. As has been pointed out very well by my hon. friend Shri Tulsidas, this point has to be looked into by the Government even now. The policy which the Government should follow in import and export trade is that first they should see that our industry develops. While importing any article the Government should keep in mind that the industry of this country is not rooted out, and also while exporting, the existing economic foreign exchange, especially when the existing economic set up is not replaced by anything better I wish to invite the attention of my hon. friend the Minister of Commerce, Mr. Karmarkar, that when once during Question Hour I asked as to what he was doing regarding the import of artificial yarn and artificial silk as a result of which our industry, the Bhagalpur silk industry, was being killed, he assured me that if I could give him a present of a *than* of Bhagalpur silk......

Shri Karmarkar: I did not say present, but on payment of proper price!

Shri Jhunjhunwala: On payment of double the price!, That is also a present when it is a special sample! If I would do that he said that he will see that this industry is protected. But what has been the result? The import of artificial yarn and artificial silk has not in any way decreased. I should tell my hon. friend Mr. Karmarkar that I have not been able to get a real silk than for him, worth living to Minister as a sample, I am not able to give it to him even at double or triple the price, because the imports have so badly affected that industry. I would like to impress upon the Commerce Minister that this affects the cottage industry and the poorer people which we, sitting here, do not visualize. Previously, if you went to those villages you could get beautiful silk which was so lasting. Why has that industry gone? Who is responsible for it? It is our export and import policy.

Shri R. K. Chaudhuri (Gauhati): It is the women who are responsible for this; they want art silk.

Shri Jhunjhunwala: But not Mr. Karmarkar? He wants Bhagalpur silk. Therefore I am telling him.

Shri Karmarkar: He is a greater expert in such matters!

Shri Jhunjhunwjala: Indirectly the policy affects our industries.

We brought a question before the Commerce Minister in 1950 or 1949—I do not remember exactly—that a lot of hides and skins are being exported from this country. We were told that unless they did so they would lose foreign exchange. These hides and skins which are being exported from this country are taken from calves and young cows, which form the real backbone of our agricultural and village economy. The Ministry should feel what its effect is on the economy of our country. In the years 1921, 1922 and 1923, when we used to go to the people in the villages we were served with milk, with cream and other things. Recently I had gone to a village in my constituency and I could not get even half a seer of pure milk. Mr. Karmarkar is responsible for all these things.

Shri Karmarkar: Perhaps you might be getting a little unpopular in that constituency.

Shri Jhunjhunwala: But I could get tea there, and soda water, and Coca Cola promoted by my hon. friend Mr. Karmarkar. He went there and inaugurated the ceremony of Coca Cola.

Shri Karmarkar: Me?

Shri Bansal (Jhajjar-Rewari): He did not do it.

Shri Jhunjhunwala: I mean, the Commerce Minister whosoever he may be. He has become very popular in villages by introducing Coca Cola, and I have become unpopular, because I do not get milk!

This is the way in which the Ministry is working.

Then I understand —I was not present but I am told—that now the Government is thinking of importing ghee. They are already importing powdered milk. Is it not shameful that in this country which is an agricultural country we should import powdered milk and we should import ghee? Who is responsible for it? Who is responsible for this shortage?

Shri A. M. Thomas: You object to the import of American ghee?

Shri Jhunjhunwala: I do object to import of American ghee. I do object to the import of milk powder and all these things. This will result in nothing else but in doing away with whatever little milk and whatever little ghee we have been getting at present.

I object to it, and I would request the hon. the Commerce Minister to look at the matter from this point of view, namely, that not only should they not import such luxury goods—whch are still being imported to the extent of fourteen to fifteen crores of rupees—but also they should not import such articles which can easily be produced in our country. They should discourage the import of those articles and encourage the promotion of our own goods. It may be that we may suffer for some time due to shortage of particular things, which has been created because of the policy of the Government. But we should not any more adhere to that policy. We should stop importing such things which can easily be produced in our country. As I have pointed out, it is not only that we should not import cosmetics and other luxury goods, but we should keep in mind specially the things which are being produced in our country and the production of which can be improved if the Government just gives them help and co-operation; and those articles should not be imported at all.

As I have said before, the main objective of the Government in regard to export and import policy should be that our industry should develop, the economic position of our country should develop, and small industries as well as big industries should develop. There are various methods whereby the foreign manufacturers are taking advantage over the goods produced in our country. The Government should look to it that even if the goods which are produced in our country are a bit inferior and for the time being cost a bit more, they should be given preference. If anybody approaches Government and if there is any difficulty in the way of producing goods which can be produced here and in selling the same, the Government should come with a helping hand and should not follow their stereotyped methods and red-tapism. They should help and co-operate with the people who are starting small or big new industries. Government should examine it and see that foreign manufacturers do not take undue advantage over the Indian manufacturers, small or big, in India. They should not simply say that it is consumers' preference. Of course, there should be consumers' preference. At the same time, Government should now change this slogan consumers' preference into consumers'

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patriotism. Government should ask the consumers to be more patriotic. Instead of telling them, if you do not like this, do not use it, Government should devise means whereby the consumers will take to things which are produced in our country.

With this remark, I shall again request my hon. friend Shri Karmarkar to come to Bhagalpur and see the condition of the silk industry. He will be able to get the silk which is produced there that would last six times more than foreign silk; though he may have to pay double the price in the beginning, ultimately it will be cheaper and economical.

Shri Bansal: I think it is quite natural that this debate should have followed the beaten track because this Act is being extended from time to time. When import and export controls were first promulgated, they were done under the stress of war time conditions. In the post-war period, they had to be continued for rehabilitating the war-torn economy and re-adjusting the maldistribution in our import and export trade. Now, the time has come when we have to review the whole ground and see whether import and export controls are necessary.

In my opinion, they are necessary because we are embarking on a very ambitious developmental programme. It is natural, when a country spends huge sums on developmental expenditure, that the pattern of consumption inside the country is bound to undergo a change. When huge financial outlays are made, consumption is bound to increase. But the other result is that some sort of an insipient inflation is bound to occur, with the result that the export trade is likely to suffer. Therefore, we will have to use export and import controls, firstly, in order to see that our export trade does not suffer. If it does suffer, it has to be helped and Government will have to see, that wherever as a result of our developmental plants, our export trade suffers, what aid has to be given to those particular sectors of our export trade. On the import side, Government has to see that such items are not allowed to be imported which will have an adverse effect on the industrial activity in the country and which will increase consumption, with the result that there will be no proper developmental expenditure. Therefore, I will confine my remarks, as my time is limited, to point out as to what steps Government have already taken and should take in order to see that this balance is maintained.

I remember that the Import Trade Enquiry Committee, which had submitted its report, suggested a number of things on the import side. I am glad that a large number of recommendations of that Committee have been implemented. But, there are one or two recommendations of that Committee which have not yet received the consideration of Government. One of the recommendations was this. This is what the Import Trade Enquiry Committee said:

> "There are no doubt, limitations to the use of the above-mentioned services".

They were referring to shipping services.

> "Within the limits of their availability, one way of encouraging the use of these services would be for the parties concerned to obtain an automatic increase in their import quotas equivalent to the whole or part value of the indigenous services used."

The suggestion, therefore, was for the replacement of the existing C. I. F. import contracts by F. O. B. contracts and it deserves careful consideration in consultation with our shipping, banking and insurance companies. I know that no step has been taken by the Government so far in this direction. Unless we do something, it will be difficult for our shipping and insurance services to thrive and also our invisible imports will go on increasing.

When I am on shipping, I would also refer to the question of shipping freights. I do not think it is so well known that even in regard to shipping freights, our exports are very much handicapped. It may be due to the fact that India entered the shipping field much later than other foreign countries, particularly Britain or Japan. It may be that in the past our exports were not in such quantities that the Shipping Conference Lines thought it proper to give us concessional or even competitive rates. The fact remains that in a large number of items where we are entering the export trade now, shipping freights go very much against our exporters. For example, the freight for a particular item of engineering goods from a Japanese port right up to Boston in America, which is a distance of 10,00 miles, is 10 dollars per ton whereas the freights from Calcutta to Boston, which is less than 10,000 miles is 50 dollars per ton. For the same type of commodity, if it is to be exported from India to Boston, we have to pay five times the freight charges. Another instance, I will quote. The freight from Calcutta to Rangoon, a distance of only 745 miles is Rs. 75-8-0 per ton, whereas the freight from Yokohoma in Japan to Rangoon, a distance of 5000 miles is about Rs. 90. I would very much like the Commerce Ministry to look into this. In fact, I had raised this point during the Question Hour with the Transport Ministry. Now that we are a free country and we are entering the shipping line. some attempt should be made even at the governmental level to see that this discrimination in freight levels is removed. After all, all the foreign shipping companies have access to our ports. They should not be allowed to perpetrate this kind of discrimination on Indian exports.

I am glad that Government are taking some steps to establish export promotion councils. One in respect of textiles has already been established. Another in respect of engineering items is also on the way of establishment. But, I do not find that much progress has been made so far in giving rebates on import duty on the export of certain manufactured items in the manufacture of which some raw materials, which are imported and which pay high duties, enter. I am aware that rules have recently been framed for grant of rebate on such items as embroidered goods, artificial silk, dry radio batteries, cotton cloth and yarn, motor vehicles, linoleum radio receivers, crown cork, plastic goods, cycles. cigarettes, electric fans and there are perhaps one or two other items, but I would like to know from the Commerce and Industry Minister as to how it is that not much use has been made by the trade and by exporters of this facility yet. Is it that the procedure in the grant of this rebate is very cumbersome, or is it that this rebate which is being allowed is only very marginal and the exporters think that they will not bother to apply to Government for this kind of rebate and then wait for all the months which the Customs Departments take in making payment.

My friend, Mr. Nayar, said something by way of concrete suggestions. He said India must get out from the GATT. I have also been toying with that idea that India perhaps will serve itself better if it came out from the GATT, but after being there twice, and particularly last year for the latest conference which I think came to a close only two days back, I can very well say that if some of the demands which were put forward by the delegation of the Government of India under the very able leadership, I must reiterate, of Mr. L. K. Jha, are accepted by the GATT conference, I do not see any reason why India should come out, because what was attempted to be safeguarded by our delegation was that development tariffs should be permitted, that developmental quantitative restrictions should also be permitted to be used by those countries which are having ambitious programmes of economic development. I think if these two demands of countries like India which are having huge developmental programmes are squarely met by the GATT organisation

[Shri Bansal]

and by other member-countries, there is no reason why India should get out. On the other hand, my definite view is that if these conditions are satisfactorily met it will be to the advantage of India which is now entering export markets in a number of manufactured items. Our Minister pointed out that our exports now are composed of 50 per cent of manufactured items. Now, if we do not have an internal instrument which will come to our rescue when discriminatory tariffs or quotas are used by other countries, I do not think we will have any safeguard in international markets. We have one or two examples already as to how Indian exports were discriminated against in our neighbouring countries, and it will be a safeguard against such discrimination to remain in the GATT organisation.

My friend Shri Tulsidas referred to groundnut oil cake. I know there has been a lot of criticism in the public about the manner in which the export of groundnut oil cake has been permitted. But I have been puzzled how foreign importers are paying such high prices for this commodity. It seems to me that they are using it for some highly scientific purpose. I have not been able to find out. After all, groundnut oil cake is an organic manure, as far as my information goes, but organic manure only could not fetch such high prices.

Shri A. M. Thomas: Biscuits can be manufactured, the hon. Minister said.

Shri Bansal: I do not know. I do not think those countries which are importing it are big manufacturers of biscuits. So, there must be some other economic use made of it by those countries. Therefore, I would very much request the hon. Commerce and Industry Minister to find out as to what use groundnut oil cake is put to in those countries, so that we can also use this commodity in the same manner and not lose the advantage of this wonderful commodity which is fetching such a huge price in foreign markets.

There are one or two more points about the manner in which import control......

Mr. Chairman: Why not leave it to other Members?

Shri Bansal: Very well. I have done.

श्री हेडा: सभापति महोदय,—

Some Hon. Members: Speak in English.

Shri Heda: All right.

श्री करमरकर : एक स्पीच तो हिन्दी में होने दीजिये ।

श्री हेडा: जहां तक आयात निर्यात के ऊपर नियंत्रण का सवाल है, इस सदन के अन्दर दो रायें इस बारे में हैं, यह ज़ाहिर नहीं होता । हर एक सदस्य इस चीज़ को मान रहा है कि हमारा जो एक्सपोर्ट और इम्पोर्ट, यानी निर्यात और आयात ह, उस पर सरकार का नियंत्रण होना चाहिये । लेकिन सवाल यह है कि जिस प्रकार से यह नियंत्रण हो रहा है वह ठीक ह या नहीं । इस वक्त यही बहस छिड़ी हुई है । मैं भी दो चार बातों के सम्बन्ध में अपने खयालात ज़ाहिर करना चाहता हूं ।

एक सवाल जो उठाया गया वह यह था कि जो व्यापार होता है वह राज्य की ओर से हो, स्टेट ट्रेडिंग हो । जब श्री कृष्णमाचारी ने इन विभागों का नियंत्रण अपने हाथ में लिया था उस समय मैं नें उनको एक पत्र के साथ एक योजना भेजी थी और उसमें यह इच्छा प्रकट की थी कि अब समय आ गया है जब कि हमारी सरकार खास कर आयात और निर्यात और दूसरी व्यापारिक चीज़ों को अपने हाथ में ले सकती है और राज्य के

नियंत्रण में इन कामों को कर सकती है। मैं ने उनको जो मिसालें दी थीं उन म खास तौर पर जो तेल निकालने का व्यापार ह अर्थात् आयल क्रशिंग और रुई का व्यापार अर्थात् जिनिंग ऐंड प्रोसेसिंग आफ काटन, इन पर बहुत विस्तार के साथ लिखा था। उन्होंने मुझे जवाब दिया था कि वह इस सम्बन्ध में ग़ौर कर रहे हैं, लेकिन उसके बाद मुझे उनका कोई उत्तर नहीं मिला। जहां तक मेरी सूचना है, मैं कह सकता हूं कि इस ओर हमारी हुकूमत को जिस प्रकार से ग़ौर करना चाहिये या सोचना चाहिय, उस तरह वह नहीं कर रही है। मैं समझता हूं कि इसमें जो सब से बड़ा रोड़ा है वह यह है कि हमारे पास इस बात की व्यवस्था नहीं है कि सरकार औद्योगिक और व्यापारिक कार्यों को सफलता के साथ अपने हाथों में ले सके। १९४८ का जो औद्योगिक प्रस्ताव हमारा था उसके अन्दर यह इच्छा जाहिर की गई थी कि इण्डियन एकानमिक सर्विस शुरू की जाय, लेकिन मझे खेद है कि यह सर्विस अब तक शुरू नहीं हुई, और इस कारण से जिस प्रकार का परसोनेल हमें मिलना चाहिये था वह नहीं मिल रहा है। और शायद हुकूमत अपने अन्दर विश्वास नहीं पाती है कि वह अपनी व्यापारिक जिम्मेदारियों को दृढ़ता और स्वतंत्रता के साथ अदा कर ले जायगी।

आयात और निर्यात के सम्बन्ध में जो नीति रही है उसके सम्बन्ध में जो दूसरा प्वाइंट है वह यह है कि इस मामले में कितनी घूसखोरी चलती है, कितना करप्शन चलता है। इसकी काफी चर्चा भी हुई। मेरा खयाल है कि चार पांच वर्षों के पहले जो परिस्थिति थी वह आज नहीं है। एक दिन था जब यह लाइसेन्सेज, चाहे वह इम्पोर्ट के हों या एक्सपोर्ट के हों, खुले बाजार बिका करते थे और एक हाथ से दूसरे हाथ में जाते थे, और ऐसे व्यक्तियों के जरियें से यह लाइसेन्सेज सामने आते थे जिन का व्यापार से कोई सम्बन्ध नहीं होता था। आज वह परिस्थिति नहीं रही है। यह तो सत्य है कि घूसखोरी काफी कम हुई है लेकिन फिर भी यह कहना थोड़ी अतिशयोक्ति होगी कि इसका समूल उन्मूलन हो गया है। मेरे खयाल से ऐसा कहना सही नहीं होगा। कोई भी हुकूमत हो, यहां तक कि मौजूदा सरकार भी, मैं समझता हूं, इतनी सम्पूर्ण नहीं हो सकती है कि उसकी ओर से गलती न हो या उसके प्रबन्ध में कहीं कोई खामी न रहनें पायें। अतः इस मामले में भी काफी सुधार की गुंजाइश है।

एक और सवाल जो उठा था वह यह कि हमारी इम्पोर्ट पालिसी क्या हो। क्या कुछ व्यक्तियों के हाथों में ही सारे के सारे एक्सपोर्ट्स और इम्पोर्ट्स देने चाहियें ऐसी नीति हम कायम करें या यह कि जितने अधिक हाथों में व्यापार जा सकते हैं उन में जायें और इस प्रकार व्यापार का प्रसार हो। इस सम्बन्ध में भी काफी चर्चा रही। मुझे खुशी है कि मौजूदा मिनिस्ट्री न इस बात की सफल कोशिश की है कि एक्सपोर्ट और इम्पोर्ट जितनें ज्यादा हाथों में जा सकती है उतने हाथों में जाये।

2 P.M.

इस मामले में एक बड़ी अजीब सी बात दिखाई देती है और वह यह है कि हम आज भी कुछ लोगों को ओयलकिंग, काटन किंग, गोल्ड किंग या सिल्वर किंग के नामों से पुकारा जाता सुनते हैं। राजे महाराजे तो चले गये लेकिन इस प्रकार के राजे महाराजे आज भी हम सुनते हैं और देखते हैं। यह बहुत आश्चर्य की बात है। इसमें कोई शक नहीं कि जो नीति स्वीकार की गई है उस नीति के परिणामस्वरूप कुछ तो लाभ हुआ है लेकिन बहुत लाभ हुआ है या हमें उसमें काफी सफलता मिली है ऐसा समझने का कोई कारण दिखाई नहीं देता। जब तक यह राजे मौजूद हैं तब

[श्री हेडा]

तक १० प्रति शत भी सफलता हमें मिली है ऐसा हमें समझना नहीं चाहिये। इस सम्बन्ध में मौजूदा मिनिस्टर से और विशषकर दोनों मिनिस्टरों से प्रार्थना करता हूं कि उन्होंने जो पालिसी बनाई है और जिसकी झलक भी हमें दी है उसको वे लौजिकल कनकल्यूजन तक ले जायें और उसको सफल बनाने की हर मुम्किन कोशिश करें।

श्री करमरकर: न्यू कमर्ज़ के बारे में ?

श्री हेडा : न्यू कमर्ज को आप लाइसेंस दे रहे हैं इसकी वजह से थोड़ा बहुत फायदा हुआ है लेकिन वह फायदा इस कदर नहीं हुआ है कि हम कह सकें कि जो मोनोपोलिस्ट थे वह खत्म हो गये हैं या उनका उन्मूलन हो गया है। अभी भी काफी फर्क है। इस लिहाज से काफी काम करने की गुंजाइश है।

कुछ चीज़ें ऐसी होती हैं जिन को कि हम इम्पोर्ट करते हैं और चूंकि हमारे पास डालर या स्टर्लिंग बैलेंस कम है इस वास्ते हम उनका इम्पोर्ट बहुत कम मात्रा में करते हैं। चूंकि इन चीजों की मांग ज्यादा होती है इसका नतीजा यह होता है कि नफे की गुंजाइश ज्यादा हो जाती है। कुछ कमोडिटीज़ ऐसी हैं कि जिन पर इम्पोर्ट एक्सपोर्ट ड्यूटी देने के बाद भी वे बहुत ज्यादा कीमत पर बिकती हैं। आप एयर कांडिशनर्ज़ की ही बात ले लीजिये। मैं समझता हूं कि एक एयर कंडिशनर की कीमत १२०० या १३०० से ज्यादा नही होनी चाहिये लेकिन बाजार में यह २५०० या ३००० का बिकता है। इसका बड़ा कारण यह है कि मांग ज्यादा होती है और चीज कम आ पाती है या गवर्नमेंट कम लाने की इजाजत देती है। मैं यह नहीं कहता कि गवर्नमेंट ज्यादा इम्पोर्ट करने की इजाजत दे क्योंकि सब से बड़ी कन्सीडरेशन जो होती है वह ट्रेड बैलेंसिस की हो सकती है। लेकिन मैं यह जरूर कहता हूं कि इस प्रकार की जो इम्पोर्ट होती हैं उस पर हुकूमत का नियंत्रण होना चाहिये। बेहत्तर तो यह है कि हकमत के जरिये ही यह चीजें आयें लेकिन अगर हकूमत ऐसा अपने आप नहीं कर सकती तो कम से कम ऐसे इरादे के जरिये करवाये जिसके ऊपर उसका पूरा पूरा नियंत्रण हो और व्यापारी एक निश्चित मात्रा से अधिक नफा न लें जो ५ प्रतिशत और साढ़े बारह प्रतिशत के दरम्यान हो, इससे ज्यादा न हो। इस प्रकार की कोई व्यवस्था होनी चाहिये। जो नई नीति इम्पोर्ट के बारे में अख्तियार की गई थी इन छः महीनों के लिये उसमें भी इस प्रकार का एक संकेत सा था। संकेत के ऊपर कितना अमल हो रहा है या जो नफा होता है उसके ऊपर कहां तक कंट्रोल कर पाये हैं और क्या परिणाम निकल रहे हैं, इस सम्बन्ध में मैं ने एक प्रश्न किया है जिस के जवाब में मुझे डर है कि यह कहा जायेगा कि अभी सरकार इसको देख रही है और अभी तक किसी नतीजे पर नहीं पहुंची है। मैं आशा करता हूं कि सरकार इसको ठीक तौर पर देखेगी और इस प्रकार का कोई काम करेगी कि नफा मनमाना न हो।

एक आखिरी चीज़ कह कर मैं अपना भाषण समाप्त करता हूं और वह यह है कि कई बार ऐसा होता है कि एक्सपोर्ट और इम्पोर्ट में बाहर के कुछ राष्ट्र हमारे साथ कम्पिटीशन में आ जाते हैं और उस प्रतिस्पर्द्धा के अन्दर हमारे राष्ट्र को ठीक मौका मिलता है या नहीं मिलता है यह देखने के वास्ते एक्सपोर्ट और इम्पोर्ट ड्यूटी में समय समय पर कुछ रद्दोबदल होनी चाहिये। होना तो यह चाहिये कि हकूमत और व्यापारी आपस में यह सहयोग की भावना से काम करें, लेकिन होता यह है कि जब कभी हकूमत भोली दिखाई देती है तो व्यापारी उसका अनुचित लाभ

उठाते हैं और यदि व्यापारियों के ऊपर अविश्वास रखा जाता है तो हकूमत एक ऐसी नीति निर्धारित कर देती है जिसकी वजह से सब व्यापार एक प्रकार से बन्द हो जाता है और राष्ट्र की हानि होती है । इस वास्ते आवश्यकता इस बात की है कि सख्त कानून बनाने के बजाय इस प्रकार की व्यापारिक चीज़ों के अन्दर हकूमत खुद दिलचस्पी ले और देखे कि व्यापार किस प्रकार हो रहा है और किस प्रकार नहीं हो रहा है और इस प्रकार दिनोदिन आपस में विचार विनिमय और बातचीत के ज़रिये से अपनी पालिसी को सफलता के साथ लागू करने की कोशिश करे । इन कुछ शब्दों के साथ में अपना भाषण समाप्त करता हूं ।

Shri R. K. Chaudhuri: First of all, let me tell the House that much of the criticism, which my hon. friend Shri Jhunjhunwala has levelled against the hon. Minister, falls on his own head. If he cannot control the youthful section of our society from resorting to the purchase of art silk, what can the poor Minister do? He must necessarily yield to the wishes of those young sections of the people.

Shri Karmarkar: I am very grateful.

Shri R. K. Chaudhuri: You cannot find fault with him for doing that. My hon. friend Shri Jhunjhunwala ought to remember what is his own age, and what is the age of the hon. Minister there; he is youthful in appearance.

Shri Algu Rai Shastri (Azamgarh Distt.—East *cum* Ballia Distt.—West): How is the age concerned in this Bill? This is not a marriage Bill.

Shri R. K. Chaudhuri: I would ask my hon. friend not to be so critical, but to listen to my speech.

Shri Bogawat (Ahmednagar South): By age, people become old.

Shri R. K. Chaudhuri: If my hon. friend Shri Jhunjhunwala would drink milk much more than he drinks water—he takes about one seer in the day, and he has got his family members and all that—what could we, the poor people do, who cannot afford to get so much milk, and in States where there is scarcity of milk, what could we do except to use milk-powder? After all, if my hon. friend wants that there should be more milk in this country, it is not the Commerce Minister who is responsible for augmenting the supply, but it is the Food and Agriculture Minister that has to look after that. In giving out licences, the Commerce Minister has to meet the wishes of the customers of this country. That is what he has got to do, but it is the duty of the Food and Agriculture Minister to have better supplies of milk in this country.

Shri A. M. Thomas: What about import of ghee?

Shri R. K. Chaudhuri: Wherever you go in India, you will find that there is a dearth of pure ghee. How can we, who have got to use ghee, manage without some import from outside?

An Hon. Member: Dalda is there.

Shri R. K. Chaudhuri: We know that in Eastern Pakistan at least, there is good quality of ghee available. Unless import permit is given for importing ghee from Eastern Pakistan......

Shri A. M. Thomas: Especially to Assam.

Shri R. K. Chaudhuri: Especially to Assam and West Bengal.

Shri Jhunjhunwala: Not from America.

Shri R. K. Chaudhuri: That is next to Eastern Pakistan. I have said enough on this.

My hon. friend Shri Jhunjhunwala and myself stand in the same boat, so far as silk is concerned. We both produce durable silk; Assam silk is

[Shri R. K. Chaudhuri]

durable, and Bhagalpur silk is also durable. But he should remember that durable silk can never be popular. Those who are habituated to use silk want it to be flimsy; they want silk which will tear off at an early date, so that they may exact from their husbands" or from their parents a better and a newer fashion of art silk.

Shri A. M. Thomas: What about butterflies?

Shri R. K. Chaudhuri: Let me come now to the Bill proper. Although Shri Karmarkar is not the author of this Bill, yet this Bill is as short, as pithy and as precise, as all his speeches are. But there are certain important departures in this Bill. For instance, there is the omission of sub-clause (d) of section 2 of the Act. Sub-clause (d) of section 2 meant that:

> "'India' does not include the State of Jammu and Kashmir".

Now the word 'India' includes Jammu and Kashmir. The tendency in the earlier pieces of legislation seems to have been not to regard Kashmir as part of India. I congratulate the hon. Minister on the change. If I can interpret him correctly, he means that Kashmir is bound to be with India in all material and other things.

Shri Algu Rai Shastri: Congratulations.

Shri R. K. Chaudhuri: This, I take it, is a declaration of the fact that India includes Kashmir and we shall no longer be bound by that exception in every Bill where they say 'It extends to the whole of India except Jammu and Kashmir'. That was there previously in every Bill, but in this Bill that exception is not there.

Shri A. M. Thomas: In this case we are dealing with foreign countries.

Shri R. K. Chaudhuri: At least henceforth we can think that India includes Kashmir and all our legislation will be in force there, unless it is specially necessary for a particular reason not to extend that provision there.

Then there is one other thing I want to point out.

Mr. Chairman: The hon. Member said in the beginning that he would take only two minutes. Now, he has taken so much time.

Shri Algu Rai Shastri: He should be allowed five more minutes.

Shri R. K. Chaudhuri: I will only take half a second.

In every legislation, as far as I know, and particularly under the Indian Penal Code, attempts are not punished in the same way and to the same extent as the substantive offence itself. For example, under section 511 of the Indian Penal Code, it will be found that the offence of an attempt is punishable only with one half of the maximum sentence of imprisonment there.

Shri S. S. More: To the extent of one half.

Shri R. K. Chaudhuri: In this Bill, there is no particular mention of the punishment prescribed for an attempt to commit that offence which means that, as the clause stands at present, the attempt to commit the offence will be punished in the same degree and to the same extent as the commission of the offence itself. I hope the hon. Minister will look into this point and remedy it.

Shri Achuthan (Crangannur): I welcome this Bill and I congratulate the clever Minister of Commerce on piloting this Bill in such a bold manner.

I have read his introductory remarks carefully. I agree with him that ours is an underdeveloped country and the policy of *laissez faire* cannot apply to India until we reach the stage of countries like America when we can throw open everything to free competition. In fact, because of our food deficit, we had to import a large quantity of foodstuffs. But now that position has improved and we can moderate or regulate our exports and imports in order to accord priority for the development of our industries in every field, so that we can see that our country progresses as soon as possible.

Now, coming to my region, South India, Government have sanctioned the export of tapioca which is intended to benefit the cultivator. But from reports, I understand that it has become a monopoly in the hands of one or two people. They purchase the tapioca from the cultivator at a low price and manufacture the flour. The cultivator is not getting benefit by this. I would request Government to do something in consultation with the State Government, to see that the State Government itself takes up the question of manufacturing the starch after purchasing the tapioca from the cultivator. It is an important activity so far as that area is concerned, and it must be a commercial crop, in view of the abundance of other foodstuffs.

Now, I come to the question of coconut—copra—which was referred to by one Member. I put a question on the 22nd February regarding India's production of coconuts. The Minister stated that about 75 per cent of the total requirements of coconut oil in the country was being met from indigenous production. Now, I have got some figures. India stands second in the matter of cultivation of coconut. The cultivation of coconuts extends to 15.4 lakh acres of land and the production of amounts to 340 crores of coconuts. The major portion of that comes from Travancore-Cochin, Malabar and South Kanara; only a small portion comes from the Orissa, Bengal, Mysore and Bombay regions. On the West Coasts, from Cape Comorin to almost Ponnani, which is the boundary of my State, this is the main cultivation and more than 30 per cent of the people, argiculturists and labour classes, depend upon this. So, unless we have an economic price for copra, it will be very difficult for the people in those regions to see that they are going to have some sort of occupation for their labour and argiculturist classes or that they have got some money left to divert to the purchase of their necessities. I understand that there is a general fall in the prices of agricultural commodities, but with regard to manufactured articles and other necessities, there is no fall. The prices of cloth, sugar and all those things are going up.

There must be a well-regulated policy with regard to import of copra. The main exporter of copra is Ceylon. From the papers, I understand that the price of one candy of copra comes to Rs. 150. In Colombo, they say copra registered a fall of Rs. 5, bringing down the price to Rs. 150. But what is the price here? I do not say that the Government were negligent in the matter, but it so happens that now there is a downward fall in the price of copra and coconut oil. One reason may be the policy with regard to import of copra. From the answer given to my question, I understand that in 1953, 26,655 tons of copra were imported; the figure for 1954 was 62,125 tons. As regards coconut oil, the figures of import were: in 1953, 26,006 tons and in 1954, 23,324 tons. So, in 1954 roughly, it comes to about 1 lakh tons of copra. Now, what is our requirement? They say that we are meeting 75 per cent of our requirements from internal production. That leaves only 25 per cent to be met from outside. So according to some estimates the maximum quantity that will have to be imported will be only 50,000 tons. The Coconut Committee, after deliberate consideration of the matter, said that Government should import at the maximum 50,000 tons. But last year

[Shri Achuthan]

we imported 1 lakh tons. This affects the prices here. From the *Journal of Industry and Trade*, I find that the prices of coconut are going down. In 1954 January the FAQ rate was Rs. 395-7; in 1955 January it was Rs. 316-14. In 1955 March it was Rs. 275. These are the Cochin market rates. There is a fall of Rs. 80, which means 25 per cent.

Shri V. P. Nayar: What a great fall?

Shri Achuthan: What a great fall? This copra import has got a history behind it. Before the war, there was no restriction of import and they imported 2 lakh tons per year. The price came down to Rs. 50 per candy, that means, 100 coconuts fetched only Rs. 1-8 or at the maximum Rs. 2. What is the cost of production of copra? The harvest season lasts only six months; for the remaining months, there is practically nothing. Moreover, there is no reduction in the manure charges and watering charges. So unless there is an economic price guaranteed and there is a well-regulated import policy in regard to copra, I do not think we can say that the policy will be a sound one. I understand that there is an import duty and there is a tariff value. What is the objection to raising the tariff walls from 75 to 100 per cwt.?

Shri V. P. Nayar: It was reduced.

Shri Achuthan: It must be raised. What is the use to which coconut oil is put? It is mainly for the manufacture of soaps. I have got figures here which go to show that it is used about 35 to 40 per cent in the manufacture of soaps. Merely a small quantity of 40,000 tons is used out of 1,00,000 tons for purposes of consumption. What will be the objection if you raise the import duty a little more for the sake of the cultivating public. Generally speaking, soap is not a dire necessity. One soap piece will serve for one month for a family. We cannot say that the consumers are going to be affected if you raise the import duty by some per cent more. Unless this is done, I think, the position will not improve. Of course, Mr. V. P. Nayar will be glad. They are losing ground in Andhra and if there is difficulty it will be very useful for their propaganda. Mr. Karmarkar knows very well the position in our State. It must be his first duty as Commerce Minister to see that something is done.

Shri V. P. Nayar: Do you know the benefit of Lever Brothers?

Shri Achuthan: Of course, you mean T. T. Krishnamachari. He is a clever man. Of course one friend said, T. T. means "tender but tactless."

Shri Kamarkar: My hon. friend will agree that he has said something which he need not have said. It is personal criticism. I don't think he will have any objection to have that removed.

Shri A. M. Thomas: It is a compliment.

Shri Achuthan: On account of this lowering we the centre are losing more than 2 to 3 crores. I think the hon. Minister will agree with me that if you raise the import duty, it will benefit the cultivator. The people are going to benefit to a very negligible extent by the present price of soap. This is not the necessity of the common man. The Government must take into consideration all these facts; they must take into consideration what the Central Coconut Committee say. I do not want to discriminate in liberalising the quantity. You must increase the quantity and you must raise the import duty by 25 per cent. What is the present price of copra? I am quoting from the paper. Copra was generally sold in March at Rs. 270/- per candy. Last year it was Rs. 390. The fall is Rs. 120/- in a range of Rs. 390/-; more than 30 per cent. It is really sad that even though we had made several representations and communications to the Commerce Minister before this declaration of import policy from January to June, nothing has been done. I have mentioned the matter to the hon. Minister also. He examined the question. It is not that he is not attending to it but such attention as is necessary has not been paid to it. So, I appeal to the Commerce Minister to see that these grievances are looked into and no kind of grievance is left. We may have some advantage by raising the import duty and also by raising the tariff value and restricting the quantity to be imported during the period.

Mr. Chairman: I shall call the hon. Minister at 2.30.

Shri Bogawat: Sir, I have nothing much to say against the Bill except two things for which I have given amendments. The Commerce and Industries Minister has put in the figure '1960', that is extending the life of this Act up to 1960. I do not want to do that. I have given my amendment that it should be extended only up to 1957. My reasons are these. The new elections are coming.

Mr. Chairman: You can very well speak all this at the next stage.

Shri Bogawat: I will give the reasons for my amendment. We find that the controls have come from the beginning of the war or thereabouts so far as exports are concerned. Initially this control was exercised by virtue of the powers derived from the Sea Customs Act. Then there were the Defence of India Rules 1946 and then also the Import and Export Control Act of 1947, the period of which was extended once up to 1955. Our policy of import and export must be such that we must have the maximum production and also a national outlook. The interest of the nation is very important and we must increase the speed of swadeshi and indigenous things. If we allow American ghee or butter, milk and such other articles.....

An Hon. Member: American experts also.

Shri Bogawat:......it will be at the cost of our countrymen. We see this control has brought this curse. There is decontrol so far as foodgrains are concerned. But still there are some controls and there is no doubt that discrimination is not properly used. The discrimination is applied at the wrong end or to wrong parties, playing many a time in the hands of the industrialists. That is what we find. There are big monopolists who have captured the trade—import and export trade. So, in order to safeguard the interests of the producer as well as the consumer, it is quite necessary that the time should be extended but it should be only up to 1957. Let the future Government from its own policy and also punish the persons who are guilty of corruption very severely. So far as the law of corruption goes, it is not very severe. Who knows, the future Government may also hang or punish very severeley the persons for corruption. So, there must be a limit only up to 1957, and not thereafter.

In order to bring the proper equilibrium in the economic organisation of our country, no doubt, there must be this export and import control. But, it must be properly handled and not to such an extent that there are fluctuations in the market. Now, we see that the prices of agricultural produce have gone down to such an extent that among the agriculturists there is a economic crisis. The other prices have not gone down. So, many people who are producers are in difficulty. We are also changing our aim. There is a declaration that we have to reach a really socialistic pattern of society. If these things are to be done, why not make the period up to 1957? Let the future Government fortunate its own policy. That is the first objection which I have.

The second objection is for the fee at the time of application. It is

[Shri Bogawat]

common experience that when applications are made, somehow or other they are rejected and they are unable to get the licence unless something is done. I do not say that the higher authorities and the officers are guilty; they may be very good persons. But what is happening below? In hundreds of cases, there is illegal gratification. We might fine one Krishnaswamy or Venkataraman and convict them for six months or one year. That is not sufficient. Therefore, in order that it may be proper the fee must be paid at the time of getting the licence and not at the time of applying for the licence. If the licence is given or renewed then it should be paid. These are the two things that I wanted to say. I wanted to say something more, of course, but there is no time.

Shri Karmarkar: I may say at the outset that I do appreciate the almost unanimous appreciation of the necessity of this measure. In fact, I might say, with respect, that I am very happy that more and more the need for controls in respect of foreign exchange is realised both in this House and outside.

Let me depart from my normal routine of trying to find out some salient or important points and replying to them. When I moved the Bill for consideration I said that this is an occasion on which the House has naturally an opportunity of reacting to what has happened and though the position has been far more satisfactory than what it once was both in the availability of foreign exchange and in the administration of foreign exchange control, we could not afford to be complacent. Therefore, I welcome very much this opportunity for the House to express itself.

I should say that whereas part of the comments have arisen from misapprehension of facts or factual misapprehensions, there are a number of suggestions which naturally merit consideration, and with your permission, Sir, I might take a little more time, but not more than 20 or 30 minutes to deal with the various suggestions made serially, instead of bunching them up together, and omitting some.

Let me begin by saying that I appreciate very much the balanced speech of my friend, Shri Chatterjee, who is at the moment not here. In fact, he gave full support to the need of foreign exchange control. It was very refreshing to listen to him seeing that at the moment the complaints that were there in the past have largely disappeared. Then, he said that there was a sense of stability established about the utilisation of foreign exchange in our policy.

Shri Algu Rai Shastri: Sobriety is prevailing.

Shri Karmarkar: I am quite sure that friend, while expressing his agreement with one of the points, has in fact expressed his agreement with all my points. Then he had something to say about the interest of indigenous industries being jeopardised by the liberalisation of controls and pleaded against indiscriminate issue of licences. I hope the House appreciates that whereas our import policy has naturally to be influenced and guided by foreign exchange availability at the same time we have taken advantage of our difficulties with a view to help indigenous industries. I made it clear in my initial remarks that our guiding principle and concern has been to help the industry in its onward march, and that industry has not been stinted either for machinery or raw material is evident from the fact that the index of industrial production has been rising from year to year. It was 134 last year as compared to 144 this year. The comment about achieving as much as half the additional production during a short space of time is creditable both to the industry as well as the Government in general. I think it also reflects the generally healthy policy pursued by Government to help industry as much as possible by making capital goods and raw materials available to industry apart from the other protection given. It is with particular care that every time we frame our policy of import control, that is every six months, we invite specific suggestions and each suggestion, whether it comes from Members of Parliament or the industry or the consumer public, is given very careful consideration. We are also advised by our Development Wing, which, I have the satisfaction of telling the House, is a very capable organisation. We bring up our policy almost up-to-date. If a particular factory say, the thermos flask factory, was opened last year or came into existence six months back, then we take cognisance of its production and we have got fairly reliable statistics for all these, and we see that local production does not suffer on account of glut of imported products or a like nature.

My friend had something to say about *ad hoc* licences. Normally, as the House knows *ad hoc* licence is not the rule and naturally it will be anomalous. We proceed according to certain principles. One is the established importers. Complain has been made in the past as to why should we not admit all new-comers. We would like the trade to be free. In fact, I hold the view that for trade really to prosper, it should be as free as possible. Good ventures in trade should be left untrammelled in their operation, but when controls have to be exercised, I should say that so far as our foreign exchange permits are concerned, we have tried to liberalise the range. Just as in the case of export licences, 95 per cent. is free licensing, in the case of imports also like medicine and many other categories of goods, we have tried to establish a a short of free licensing. It is neither a pleasure nor a necessity to exercise control except when the foreign exchange availability makes it necessary to keep a sort of control over certain things. To allow any man to go into the foreign market and buy it at reasonable prices will be a good pattern of trade, but the dangers are obvious when the foreign exchange available is limited. When I was outside the Government, I mentioned an example in this House as to what had happened resulting in the days of shortage of foreign exchange available. It was a long time back, somewhere in 1947, within a period of four months' time, there was such a glut of imported playing cards in the country that Rs. 50 lakhs of foreign exchange was spent in a few months. That makes the case for the regulation of foreign exchange absolutely necessary, and if we have to regulate foreign exchange by some method or the other, if we were to admit every new-comer, we cannot keep trade entirely free so far as imports are concerned. There is to be some licensing. But if the licence is to be given to everybody, what would be the resulting state of affairs? We had a case, I think, of sulphur some time back. Because we issued our licences very freely and liberally to everyone to import from Italy or America, the logical result of it was that there were a large number of licences issued and everyone sent a telegram with the result that the prices shot up to a very appreciable extent during those few days, that is, just a week. There is a limit to liberalisation so far as licensees are concerned under organised control. Once it happened that we wanted to be more liberal with regard to new-comers and the number of applications for licences was by itself stupendous. It was rather like backing a race horse. Everyone who had Rs. 10 or Rs. 25 came out with an application in the hope of getting a licence.

Then, there is one consideration, namely, established importers. Established importers have got some healthy links abroad. If we want anything, then they get into touch with some people abroad and assist us. This does not mean that trade should not be free, but once we agree that the utilisation of foreign exchange has to be controlled, then follow all the corollaries. We wanted to put trade on a freer basis and as the foreign

[Shri Karmarkar]

exchange available made it possible, our policy has been to enlarge items available for new-comers.

Then, my friend, Shri Nayar, referred, during the discussion in the House, to canalisation of imports.

Now, about canalisation of imports. This question has been raised by more than one hon. Member. The matter is really very simple. There was a sort of price rocketing in respect of certain commodities. Soda ash was one of them. All that we have done is something in the nature of an extension of state trading. It has been stated from both sides of the House that there should be more of state trading in a sense, and then, when we attempt something in that direction, then the fault is laid at us on the ground of monopoly exports. I think it appears in one of Bernard Shaw's plays. Of course he said it caustically and put it in the mouth of one of his characters. It is rather cruel, but it was said in joke. It was to establish the proposition that the Englishmen can never do anything wrong. And, as an illustration, he cited the example that those who cut off the King's head were Republicans and whenever they save the king, they are the Loyalists'. We are asked to take power and then we are told that there is monopoly. The two things are contrary to each other, and they are said at the same time. What is the fact about soda ash? As one hon. friend said, it is not a fact that we allowed anyone to have a monopoly of import. We made a global offer to everybody and wanted the best and cheapest offer. The offer came from East Germany, a new source. They offered the cheapest terms. And then, after great consideration, we fixed upon two parties.

Shri V. P. Nayar: Is the import on a Government to Government basis or through a paid commission for importing from East Germany?

Shri Karmarkar: There is absolutely no commission. The terms were made definite. We imposed a condition upon the parties that they should be able to distribute and have no interest in importing. We indicated the source the price of the supplies at which they are to be imported and we said that they will have 12½ per cent distribution commission. Friends can complain that it is too much. Sometimes people get more and sometimes less. It is very difficult to arrive at a conclusion regarding the reasonable margin to be given for distribution.

Shri S. S. More: Formerly, according to your Press Note of 18th September, 1951. 10 per cent was allowed for handling charges. Now, you have raised it to 12½ per cent. What are the special reasons which have allowed you to raise it?

Shri Karmarkar: At that time, 10 per cent was regarded as quite reasonable in respect of those commodities. We felt now that 12½ per cent would be good. My friend is on a small point. He has no objection essentially but it is only that 2½ per cent. I may say that one can differ, but Government, after the fullest consideration, came to that conclusion.

Shri V. P. Nayar: If I may interrupt the hon. Minister for a moment, I may ask one question. The Minister was saying that because global tenders were invited and very many people came, naturally the price was fixed at that level. But I find from the notification dated 3rd January that tenders had to be sent within the 12th January. I shall give the hon. Minister receipts issued from the Commerce Ministry on the 7th January saying that copies of this notification have not been received in the Ministry. Secondly, the objection to monopoly was this: when you say foreign exchange is to be conserved, you are giving distribution for foreign firms to make profits, and then repatriate the profits.

Shri Karmarkar: The earlier point was with regard to time. I shall not waste the time of the House on that point. If there is a particular case in which copies have not been received, we shall be more careful in the future. With regard to the foreign firms, we have immense opportunities to raise that point during the budget discussion. We are at the moment on import control. I was saying that we chose two parties of the several parties that could be relied upon for safe distribution and we fixed the commission. I do not know what is wrong in that. Of course, Shri More said, 10 per cent would have been better in his opinion and 12½ per cent. would have been too much. There is scope for difference of opinion, but we considered all the points and we thought that allowing that amount of commission was fair transaction. I shall not waste the time of the House on that topic except to say that it was meant to make a particular commodity easily available at reasonable prices to the consumers, and to prevent any sort of black-marketing. The results have justified the position and they are clear, but sometimes one sees the motives behind and not the results, as it happens.

Then, I come to the Silk Board. The Silk Board is our creation and it is a State organisation, of which the Textile Commissioner is the Chairman. It is in a sense State trading. It is in a sense the Government's handling the import of raw silk. The Silk Board is operating under Government auspices. I do not see any reason why the advocates of nationalisation of foreign trade should in any case be opposed to this. There is the recognised public body whose only desire would be to distribute raw silk at proper prices to the handlooms and other people. If a Government organisation handles it, I think it is a step in the right direction towards building up a welfare State about which Shri S. S. More himself—just to divert a little of his attention to what I am saying—was very anxious.

Something was said about customs. I recognise that some difficulties were there in the past. We gave a licence and the Customs put a different interpretation. It so happens. Our Ministry is interested in importing. Now, the customs have to be much more careful in respect of monies which they might otherwise lose. They are very particular, and because they were as particular as they are, many malpractices have been avoided. As is well known, the task of the customs is difficult. We have taken care to see that this friction that had arisen between the customs and the importing people has been minimised. We have now a committee to advise us, and it consists of representatives of industry and commerce also.

Something was said about the internal import and export prices, on which I would not dilate, and on which Shri N. C. Chatterjee has also spoken.

Coming to Shri S. S. More, I thought there would have been reason for me to be long at answering him, but I must tell him that he has made my work very easy because he has quoted extensively from the reports. But I think he should have just quoted me also. I said things had moved from the worse to the better. There were times, I said, in he earlier days when some things may have happened and which should not have happened. What I said was that things had improved, substantially improved. But I also said that there is no room for complacency; because there is security in the State, you cannot sleep with your doors open. I said that. As against that, he has been pleased to quote the rest. He has created a wrong impression, but really, what he thinks is not that. That is not his point. So far as the date of the report, which he quoted, is concerned, it is there. But I think his thesis is really, that things are as bad and corruption exists, though he has not a single instance to cite.

Shri S. S. More: How can I cite it here? May I enquire from the Chair whether we are to give instances—A, B, C, D. etc.,—here?

Shri V. P. Nayar: I can give, if he wants.

Shri Karmarkar: Perhaps it could not be denied that at the commencement of import control, the number of applications was very huge. As a matter of fact, I have got for the information of the House, the number of cases which we had gone into. In 1950, the total number was about 80. Out of them the investigation was completed in 18. The number of cases of prosecution was two. There were cases, out of this number, where the concerned people were penalised by forfeiting the licences. In 1951, there were 171 cases. The whole lot was investigated. We ordered nine prosecutions, apart from blacklisting. In 1952, the number of cases was 166. The number of cases in which investigation has been completed is 67. Prosecutions were made in six cases. In 1953, the number of cases was 168. Investigation was completed in all excepting 28 cases. This does not show in how many cases prosecutions were launched. I am stating the prosecutions apart from the number of cases in which we black-list the parties. In 1954, the total number of cases has been 170. The cases in which the investigation has been completed, are approximately 150. Now, these things are there.

Shri S. S. More: May I ask one question? Now, he referred to cases where certain firms indulged in corruption and were black-listed or whose licences were cancelled. I am interested in asking questions about officers who were dealing with this licensing business. I want to know how far they were proceeded against, because you will remember, Mr. Chairman, the Estimates Committee had pointed out several cases and they meant officers.

Shri Karmarkar: I gave that information before. I see that my friend is again going back to that point. If only my hon. friend will refer to the previous proceedings I had given in answer to questions all this information. On one occasion I remember we have given the number of officers who were proceeded against and things like that. If he wants that information again we are ready to give that again on the floor of this House. Many officers have been brought to book. He who has done wrong has got to suffer. The only point that he made was about corruption and I must say that we are cognizant of that. We are very strict about that and we are very anxious to bring the offenders to book. It is our misfortune that people resort to these things even in these days. I wish that my friend would help us in this matter by creating a lot of public opinion rather than only limit his activities to hon. Members opposite here. I wish he goes round and tells the merchants and others that they should not indulge in these malpractices. This I tell him as a colleague. As I said, it is as much my duty as it is his duty. When he complained about corruption and the like I wish he had realised that it is his duty to create public opinion. When he goes back from the session I wish he keeps himself in touch with the consumer world and the industrialists and find out their opinion than he is able to gather from editors of journals and others or from other sources of information that he has got. Then I am quite sure he will come back with a confirmed impression. So, that is all about the point that he has raised. I only want to say that we shall be extremely grateful if co-operation is given to us not only by way of quoting any instances of corruption but also by keeping more and more vigilance, so that these small and individual corruption cases which may be lurking here and there may be completely wiped off.

Then he spoke about the weekly list. We publish that list with a specific intention. Week by week we bring the whole list up-to-date, to the physical extent possible so that any member of the public may be in a position to know the number of licences issued, the names of the firms, so that they may be in a position to know whether a particular firm is an established one or a new-comer. It may also enable friends like my friend to go into each case and know the position. Of course, it is rather troublesome, but trouble has to be taken if some results are to be achieved. 300 pages of these lists are too long to read, but if my friend spends two hours in the initial stages and he is used to reading he need not read the whole thing from page to page. I remember the case of a friend who when he was for the first time a subscriber to a newspaper read from the Post Box number on the first page to "Edited and published by" on the last page.

Shri S. S. More: I am still in that stage.

Shri Karmarkar: I am sure he is not. Let him not pick a cap which does not fit him. He is far too intelligent to do that and I am quite sure that if he were to defend and answer the point that he has raised, from this side, he would do it far more effectively, and far more strongly also, than I could ever have the courage to do.

Shri A. M. Thomas : God forbid.

Shri S. S. More: Wasting your compliment.

Shri Karmarkar: I think I must give everybody his due.

Then he said that private agencies should not be encouraged. I think, Sir, in view of the accepted policy of Government to move towards a socialistic pattern, we also, like other Ministries, will have to consider how far we can take to state trading, and industrial co-operative societies. This, I should say—I wish Shri S. S. More listens to me because I am paying him a true compliment here—is one suggestion that might lead to good results. Let him study how foreign trade could be entrusted more and more to the hands of a welfare State. I think that is a suggestion which may really lead to constructive results.

Shri S. S. More: I have already made it.

Shri Karmarkar: I wish him to work it out. That is as far as Mr. Moré is concerned.

Then I come to Shri A.M. Thomas. He made a few queries in respect of the trade pacts, whether the reason is only psychological. It is a fact that in trade pacts we do not generally have a commitment nor do we think in terms of quantitative restrictions in the sense that we agree to barter so much or send out so much of jute and other goods. These things do not work. If we bind ourselves to export a certain amount of cotton or tea to a particular country and if we are not in a position to do that we will find ourselves in an awkward position. What we do is, we exchange lists of articles to be imported and articles to be exported and that has worked very well. We leave it to the trader to import from the best market possible. I may quote one instance. Last year we gave a bulk licence to an art silk organisation in Bombay for a substantial amount of art silk to be imported. They were at liberty to bargain between Italy and Japan and obtain a favourable market. If we bind them in respect of a particular country then there may be some disavantages.

Then he spoke about state trading. The matter is under consideration. It is rather a ticklish subject. Though we must give a decision on that, what that decision will be, what shape it will take, what will be its extent and what limitations it will have, I am not in a position to say now. That is a subject which will have to be dealt with carefully, and decisions on all points taken. I think at the moment we are considering handicrafts and some action has been taken by way of setting up an export corporation.

There was another useful point made by Shri Thomas regarding the

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market fluctuations. I said it is "useful", because it is not exactly correct. About the export duties we have to be a little careful because there are parties who are interested and who sometimes create a situation which ordinarily they should not do. We have to take cognizance of all these things and then decide our policy. We have to take as much care as possible and see to it that quick decisions are arrived at.

[SHRI FRANK ANTHONY *in the Chair*]

Then he said something about the Spice Enquiry Committee and about export promotion agencies in New York and London. I do not exactly know at the moment and I cannot say as to what has happened to this particular suggestion, but as he knows we are interested in setting up as many agencies as possible which will be able to just promote our exports. We have got our Embassies, show-rooms and so on and naturally Government will look upon any further effort with care. I am sorry I have to disappoint him as I cannot tell him where exactly the matter now stands.

There is one small error about centralisation. I find on an exact reference that except in regard to certain types of licensing which are very few we have decentralisation. In fact we set up an office in Travancore-Cochin, particularly for exporters from that area because that is largely an exporting area. We have our offices in Bombay, Calcutta and Madras. We have entrusted that work which will be usefully done by them. So far as the Centre is concerned, we have only got a small quantity of work. I am quite sure, had he known that, he would not have made this suggestion.

Shri A. M. Thomas: Is he referring to the opening of the Cochin Office?

Shri Karmarkar: Not that. Of course, I would not charge him with the ignorance of the opening of the Cochin Office. That would be the first thing for him to know about. I was saying about the licensing work at various centres.

Then I come to my friend Shri M. S. Gurupadaswamy. It is my misery again to say something unsavoury. In fact, all that I said was that we have taken great care to see that all that we do in respect of our industries, capital goods, raw materials and things like that, are all subject to the overall Five Year Plan. Whenever we bring forward any measure we do not start it with a preamble "Whereas it is necessary to follow the Five Year Plan and in accordance with the programme laid down therein, and so on". My hon. friend knows that all our actions are subject to the overall Five Year Plan. In fact I am happy to tell that the targets in the Five Year Plan in respect of commodities like food, cloth and other things have been exceeded. He may be happy to learn that we are exactly doing what he would like us to do in future.

Then he said something about monopolies. If what I said earlier does not satisfy him then any addition by me at this stage, I am afraid, would not satisfy him further. That is all I can say about this particular point of his.

Then he said something about the industries. He said that we are not caring for the growth of industries and the instances quoted by him were all hundred per cent wrong. One was about cement. My hon. friend knows that we are not able to meet our internal requirements. Because the State wants a lot of cement for the schemes undertaken by the State the consumers are at a disavantage in getting their proper supply of cement.

3 P.M.

If I remember aright, we give them only a percentage of their requirement, not the full percentage of their requirements. To the States we give almost in full; to the other requirements we give about 80 per cent. Therefore, there is no question of coaxing imports of cement at present. No doubt, wherever it is possible we want to discourage exports to the detriment of local supplies. Once in a while it does happen, for instance, it is not economical to bring cement from South India to North India. In such cases, we do permit export.

Shri M. S. Gurupadaswamy: May I interrupt the hon. Minister for a while? I said in my speech that formerly South India used to export cement to Burma and our export to Burma has declined considerably and the market in Burma has been taken by Japan. If the hon. Minister says that cement is not enough for our internal needs, then the same argument holds good in the matter of textiles. The demand for textiles is higher; still you permit export of textiles to Lancashire and other places.

Shri Karmarkar: I am very happy he has mentioned that. I am glad he has made his position clear, which according to me happens to be an entirely wrong position.

So far as internal supplies are concerned, we have to take very great care about it. We are happy to notice—as I am sure the hon. Member himself would be—that production of cement is increasing. In about two years' time we will be in a position—thanks to the industry and to the consumers— to produce sufficient cement for the country. Then, it will be our duty to seek greater and greater market. Even now, in respect of certain commodities, even at the risk of stinting, we do permit some exports.

About textiles, I regret very much that he has not followed facts. Actually, the position about textiles has been quite happy. The other day some hon. Member was asking me—I forget whether it was in this House, or the other—the available supply of textiles *vis-a-vis* what it was in 1939, just prior to the war and I found from reference that while in 1939 it was 15 yards per head, that was the same figure last year as well. There is no gainsaying the fact that the war has created such a damage that people are not living on the same standard that they used to before the war. This is a big problem which we have to face; it is another thing to say that on account of export of textiles we are stinting the market. My hon. friend will certainly be happy to know that there is ample scope, enough and more to spare.

Shri M. S. Gurupadaswamy: But the prices are high.

Shri Karmarkar: Prices are, no doubt, high. That is another matter. Capacity to purchase is another topic altogether. But so far as availability is concerned, our production has increased considerably.

Shri M. S. Gurupadaswamy: I am afraid he has completely misunderstood me. I said that because of the export of cloth, to Britain, the price of cloth in the internal market is very high and the purchasing capacity of the people is so low that they cannot purchase it.

Shri Karmarkar: That is precisely what I understood the hon. Member, in fact, to say. He was saying that we are not looking after the industry quite well. He mentioned two things. One was cement and the other was about textiles. So far as textiles is concerned, I am happy to tell the House that not only has the internal market steadied, but the exports also have shown very encouraging results. Though our target has always been 1,000 million yards, last year it was more than 800 million yards, which is a very good thing to be achieved.

Then, my hon. friend Mr. Lingam mentioned certain points about luxuries. As a matter of fact, import of luxuries amounted only to about Rs. 14 crores, out of more than 500 crores.

Shri M. S. Gurupadaswamy: What about the rice deal?

Shri Karmarkar: I shall presently come to that.

Shri V. P. Nayar: At the time of lunch?

Shri Karmarkar: I am very happy that my hon. friends, though they sometimes look serious, are getting lighter and lighter. I am quite sure that their arguments have been fully answered.

So, as I was saying as against total imports of about Rs. 530 crores, luxuries accounted only for about Rs. 14 crores, that is about 2 per cent. No doubt, one is impatient with people who indulge in these luxuries; nevertheless, they are part of our country. We cannot of course afford to waste our foreign exchange, but we cannot exercise our impatience on those people who are permitted to use luxuries to the extent of 2 per cent. I do not think the House will consider this as unreasonable.

Coming to my hon. friend Mr. Nayar, he said that I spoke like a lawyer. I may, however, tell him that the clients were satisfied, excepting a few clients there. In any case, I take it as a compliment that I spoke to a brief which was perfectly competent. The small number of points which he made were only repetitions of those which he had made before, which shows that, in any case, my speech was not a provocation to him. He spoke about the Imperial Preference. He will not take me amiss, if I refer him to the reply which I gave *in extenso* on an earlier occasion. I have really nothing more useful to add to it, which is my regret, and which I am sure will be his regret also.

Shri N. M. Lingam: What is that reply, may we know?

Shri Karmarkar: I think the hon. Member has access to the Library. If he finds any difficulty, I am prepared to help him.

Shri N. M. Lingam: The hon. Minister is less than fair to the House when he refers a Member to the Library.

Shri Karmarkar: We have considered this question very seriously and we do not find that these preferences are in any way disadvantageous to us.

Take the current example. What is the United Kingdom doing?

It is allowing our textiles free of import duty, whereas we have imposed a steep import duty of 80 per cent on their exports. This happens exactly under these preferential rules. Would this House consider it to be a disadvantage to our side that we are able to export textiles to Britain, duty free almost and we allow their imports at a very high import duty? Is it an unsatisfactory situation, even from my hon. friend Mr. Nayar's point of view? This is neither the time nor the occasion when the question could be gone into in detail. We on this side of the House definitely feel that the Anglo-Indian Agreement does not work to our disadvantage.

Some other hon. Members have some misapprehension about GATT. I just now forget who it was that said that, that we are not able to get release from GATT in respect of those items for which we want to give protection.

Shri M. S. Gurupadaswamy: I said that. I would refer the hon. Minister to the Tariff Enquiry Report where it is said that Government have not been able to get release from GATT obligations.

Shri Karmarkar: He was referring to something which may or may not be relevant. I will refer him to something which is relevant and to the earlier debates in this House when we came up with a proposal for an increase in duty in respect of certain articles like ball bearings. He will find from those debates how we have been able to get release from in respect of certain items. No doubt, there is a certain procedure; but till now we have not been experiencing any difficulty at all. If there is the slightest difficulty in the way of our industrial progress by our being in the GATT and there is no other advantage, we are bound to discountenance our continuance in the GATT.

Then, Sir, something was said about Messrs. Lalchand and Kasturbhai Lalbhai. It is neither here nor there.

Shri V. P. Nayar: I think it is both here and there.

Shri Karmarkar: My hon. friend Shri Tulsidas Kilachand also quietly hinted at monopoly imports. He meant these two companies. But he put it a little more diplomatically, which does not make any difference in regard to the answer which I have to give.

One point was raised: how does this Ministry function *vis a vis* other Ministries. The Food and Agriculture Ministry knows what to do about food and agriculture. We are normally guided by their advice, so far as import of copra and coconut oil is concerned, and so far as food imports are concerned, naturally they have the primary say and we come in only as the mechanism for import. There is nothing hide-bound in Government machinery. Every Ministry is competent to advise the other; the ultimate decision is that of Government as a whole. So ultimately it comes to this that it does not make a difference as to which Ministry is the operative Ministry. If it is a matter relating to health, the Health Ministry is dominating, for instance as to how much penicillin or aureomycin and other medicines we should import or about the export of certain raw materials. There was a lot of controversy about the raw material *rawolfia serpentina*, how much we should export and so on. On these questions Government does depend upon the advice of the respective Ministries.

jhunwala, who is absent, spoke about
Then my hon. friend Mr. Jhun-
certain points He is always unkind about art silk. The reply to his point was really given by his very hearty friend sitting behind him. He put it squarely on everybody's shoulders that ultimately it is a question of having a thing because people want it. One could have one's own way of things. For instance there have been attempts in certain villages and taluks to stop tea consumption or to regulate the hours of tea by keeping the tea shops open only during certain hours, and the result was that milk began to be cheap there. There is this to be said. But Government cannot regiment things like that. If people do want art silk there is something to be said for it. and may be something against it. My friend Mr. Jhunjhunwala is an advocate of durability. But modern world is for undurability. Instead of five or ten durable *sarees* which was the old fashion, the modern woman wants to have twenty *sarees* even though it may not be so durable. And what I heard was, a very bad thing, that they do like this now that "you buy five, I buy five, and we will have cooperative wearing"! How can we regiment the whole population? This passes my understanding. In any case we do prohibit things which are basically bad, immoral. If we are to stop tea and coffee because some people believe it to be wrong, I am doubtful whether any Minister will be able to do work for a single day. We cannot regiment life unless that life is positively against public interest.

But nevertheless I should tell the House in fairness that we have made liberal grants to the Silk Board for the purpose of propagation of silk. We want to import silk worms and things like that and Mr. Jhunjhunwala, had he been here, would have been glad to know that we have that subject close to our heart.

I shall not enter into the rather slippery subject like *ghee* imported from outside. I hope that if hon. Members are interested they may better address the Food and Agriculture Ministry.

[Shri Karmarkar]

There was one point in what Mr. Bansal said. He spoke about the question of freight and helping the Indian shipping services. There is something definitely positive in that suggestion. But that is not a matter on which we in the Import Control can do anything. It is a matter of general policy for the Government of India as a whole. What does it exactly mean? Suppose we encourage—we adopt F.O.B. prices, that is indirectly helping Indian shipping instead of foreign shipping; that would be a good thing indeed—but suppose there is a deterioration in healthy imports, in the quantum of imports. Therefore it is not good to link the one question with the other unless the result is clear to our minds. He is right in saying that till now we have not applied our minds to this, nor is it likely that with the complication we are likely to do so in the near future.

I think I have almost come to the end of the various points. There was one point made by Mr. Heda in respect of air-conditioners where the sale prices are unreasonable as compared to the import prices. We want to take steps to see that the consumer is not defrauded and for this purpose we are thinking of fixing a percentage of margin. We have not yet decided as to what exactly should be done.

My friend Mr. Achuthan was exercised very much about coconut prices. Every time he has mentioned this subject I have somewhat disconcertingly compared the rise in their prices—now of course they are falling—but if we compare the rise in their prices with the rise in the prices of many other commodities which rose by 400 or 450 per cent, the prices of coconut rose by about 700 per cent. There is also the consumer to be looked to. That does not mean that we want to neglect the interests of the local grower. I could not reply offhand about the quantum of import we have done. But I can assure him that every time we settle our import policy in close consultation with the Food and Agriculture Ministry. And if at any time he feels that there is an error committed by way of over-importing or things like that, his suggestions will be very welcome.

My friend Mr. Bogawat—I think I will not be unkind to him—wanted to have the luxury of the last speech. I very much appreciate his point about the application fee. The applicants themselves do not complain, have never complained about application fees. Sometimes applications are rejected. For instance if something is wanting, suppose we want the shipping bills to be presented or the Income-tax verification certificate, as we do ask them; and he appends them; but if a material thing is not there we have to reject the application. He takes the risk. If he pays a fee of twenty-five rupees he cannot say "since you have rejected the application, you return the twenty-five rupees or ten rupees". Suppose a letter is posted with a two anna stamp to the wrong address and in a wrong manner, say, Finland instead of Simla. The Postal Department is not bound to refund that amount. Applicants have to be as careful....

Shri Bogawat: I can show you cases......

Shri Karmarkar: Certainly, if there are any genuine hardships, I do not promise any refund of fees, but I shall in justice examine it so far as the application is concerned.

That brings me to the end of my arguments. I have had to be a little long. But though the number of points have been many and though my reply has been longer than usual, I am very happy to know that the House realises the necessity of import and export control as envisaged in this Bill as also in the general administration and exercise of the control.

My friend Mr. Nayar had something to say......

Shri V. P. Nayar: I will have another opportunity.

Shri Karmarkar: But since both he and I are in a good humour I shall not take any more time now. I once again express my appreciation of the very vigorous debate that has resulted on my motion.

Mr. Chairman: The question is·

"That the Bill further to amend the Imports and Exports (Control) Act, 1947, as passed by Rajya Sabha, be taken into consideration."

The motion was adopted.

Clause 2.– (*Amendment of section 1, Act XVIII of 1947*).

Mr. Chairman: There are two amendments. There is one in the name of Shri V. B. Gandhi. He is not present in the House. There is also one in the name of Shri Bogawat.

Shri Bogawat: I beg to move:

In page 1, line 11, *for* "1960" *substitute* "1957". I have already spoken on it.

Mr. Chairman: The question is:

In page 1, line 11, **for** "1960" *substitute* "1957".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Mr. Chairman: There is one amendment to clause 4.

Shri Bogawat: I do not move it.

Mr. Chairman: I will now put to the House clauses 4 and 5. The question is:

"That clauses 4 and 5 stand part of the Bill."

The motion was adopted.

Clauses 4 and 5 were added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

Shri Karmarkar: I beg to move:

"That the Bill be passed."

Mr. Chairman: Motion moved:

"That the Bill be passed."

Shri Sarangadhar Das (Dhenkanal—West Cuttack) *rose*—

Shri V. P. Nayar: I should like to make a few observations. We had half an hour for second reading and have some time for third reading also.

Mr. Chairman: I am told that we have 10 minutes. Hon. Members may confine to two or three minutes.

Shri V. P. Nayar: I want only five minutes. I am sorry that the Minister in charge of the Bill, who promised that he will welcome constructive suggestions, did not have a word to say in regard to any of the suggestions which we made. I think when he left the House, he had entrusted the work of taking notes to his senior colleague who was for some time seen there. I also found that at the time when I was about to start something about soda ash, the senior colleague quietly walked away. I want these points to be considered by the hon. Minister because, in his usual way, he did not touch a single point which I had raised.

I had very specifically raised the question of considering whether, instead of being in the G.A.T.T., we should not try the international commodity agreements. We know and I also welcome these agreements which India has entered into with other countries. In a particular manner which I did not expect from Shri Karmarkar he said that I was referring to Shri Lalchand Hirachand and Shri Kasturbhai Lalbhai, and that it was neither here nor there. I said that with a potential section of the world comprising not less than 1,000 million people our trade is very much confined in spite of the fact that we have had an agreement. I was suggesting that about this section, some persons high up in Indian business,

[Shri V. P. Nayar]

who are tied up with foreign capital, have been spreading cock and bull stories. It was in that connection that I referred to the names of Shri Lalchand Hirachand and Shri Kasturbhai Lalbhai, both of whom we know. Of course, I have no personal grouse against any of them, as the hon. Minister knows. I was referring to their names because an impression has been created by these two gentlemen about that section of the world being unable to meet any of the demands. I wanted therefore the hon. Minister to consider seriously this proposition of sending a delegation from Parliament to find out so that we can at least be considered not very much interested. If he thinks that it is neither here nor there, I cannot give him better understanding.

There is also another point. I said that there were some risks in the policy of liberalisation, "selective liberalisation," as it is now known. I also pointed out the nature of the risks. I thought that the hon. Minister who is always ready to help others will help me also by giving a proper answer for that. Then, there is the abolition of quantitative restrictions. In fact, I remember I gave concrete instances of how abolition or elimination of quantitative restrictions will create trouble. It is not as if by this method you can break the monopoly. The hon. Minister very well knows the instance of cashew nuts. It is well known that cashew nuts which are imported into India, in order to meet half the requirements of cashew nuts, have been under the grip of three monopolist firms in Bombay. When the Commerce Ministry gave licences for others to import, they tried to compete with them, but it was found impossible. So that, by such means there is no short circuit to break the monopoly.

I want also the hon. Minister to consider this question of giving the right of distribution of several other articles, to a foreign firm, the Imperial Chemicals, India, Ltd., along with soda ash. When you give comeplete monopoly to the Imperial Chemicals, India, Ltd., sole distribution rights for a number of articles, whoever requires soda ash will also be required to take some other chemicals over which they have a monopoly. What is the step which the Government proposes to take in order that a man who requires soda ash may get soda ash by itself? Suppose the Imperial Chemicals, India, Ltd., make it a condition—this will not be written on paper—suppose their salesman says, if you want 500 tons of soda ash, you take also 200 tons of sodium bicarbonate or 100 barrels of carbon di-oxide, what is the machinery that the Government has to prevent this?

I raised another question. If you want to conserve foreign exchange and utilise them for proper purposes, keeping the development of the country in view, how is it that you have entrusted it to a foreign firm, which, under the present law, is entitled to send away profits not only from soda ash but also from the sale of all other articles over which they have a monopoly? If I had the time, I would have elaborated these points. But I resume my seat for want of time.

Shri Sarangadhar Das: I have got one point with regard to the liberalisation of import licences. Perhaps, some Members of this House may remember that some years ago there was a case of import of bicycles. At that time, we came to know that the intention of the Government was to give import licences for bicycles to businessmen in provincial towns who depended on Calcutta importers. The argument was why should not new-comers in provincial towns in Orissa, Assam and Bihar import bicycles for use of their own people? I support the idea of liberalising import licences and letting new-comers come in. At one time, in the Estimates Committee, we pleaded for it many years ago. At the same time, it is the duty of the Government to see who can import and make use of the licences properly, legally, in a businesslike manner and distribute cycles and who cannot, what parties are in the business even as retailers and what parties are not, whether a company that was formed only a few days previously for this purpose will be able to make use of the licences or they will sell the licence in the black market. All this has to be considered. In the instance that I am giving —I know of many others of that period about whom I could speak, but I do not wish to go into those—a licence for 200,000 cycles was sold in the black-market. The Special Police Establishment of the Home Ministry went after it and searched the house where the office of the Eastern Mercantile Corporation was located. Then, the party brought a case against the police that the search was not legal. That went on for a couple of years. Finally, the High Court of Orissa said that the search was legal, but since then nothing has happened. I know the matter has been shielded by Government. I say the Government, I do not want to go into this Ministry or that Ministry. Whether it is the Home Ministry or the Commerce Ministry that does a thing like that, I say the Government has failed to do anything. As a matter of fact, they shielded the matter, they suppressed the matter.

Therefore, in considering the newcomers, these points have to be considered and their bank references have to be taken into consideration before licences are given, because licences are being sold in the market instead of utilising them to import the articles for distribution among the people for whom they are meant.

Shri Karmarkar: I think the debate has to close in about two minutes time, and unless you want to shut out my reply, I should like to take a few minutes.

Shri A. M. Thomas: There are three minutes more.

Shri Karmarkar: In that case, if you want you may allow another hon. Member to speak for one or two minutes. I shall require only two minutes.

My task has been rendered rather easy. When I dealt with Mr. Nayar's points, I had taken them down very carefully, and I find they are: imperial preference, GATT, State participation, Lalchand and Kasturbhai Lalbhai (and now he says it has something to do with cock and bull stories) and soda ash. I dealt with four of them, and since the last one looked like a cock and bull story. I did not want to give importance to it by mentioning it even. Now, what my friend obviously means is that there has been an attempt, in some quarters, according to him, to discredit perhaps a certain area in respect of foreign trade, if I catch him aright, but that has not influenced us in regard to transactions with foreign countries. Whatever anyone may observe, we do not go by that. As a Government, we judge on merits and not on the suggestions made by anyone in respect of any particular thing. It is a subject, you will appreciate, in which it will be impossible for me to give an adequate reply to him in this particular matter. We cannot prevent everyone saying anything they like, unless that is a breach of the law, but in any case, if that brings him comfort, I am prepared to assure him that Government will not be influenced by any opinion expressed simply on account of the fact as to who says it. If somebody says the right thing we shall accept it. That is all I can say. And that was the real reason why I left that out. Regarding the four others, small or big, there has been a reply for each of the points.

Then, at the long end of the debate, Shri Sarangadhar Das mentioned one case.

Shri A. M. Thomas: It has been mentioned a number of times.

Shri Karmarkar: Yes.

Therefore, it has lost all its novelty. He said that Government did something. I forget the word which he used. I think he said "shielded". When someone makes that statement, one should be sure of the facts. I would ask him out of courtesy and

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respect whether he has ascertained the facts. Ultimately, a decision in a way different from his decision might have been taken by the Government. That does not mean we have shielded. There is the other alternative that his conclusion is wrong. If the police went there, and made the search, the whole thing was done in a responsible manner. The thing came back and we decided to drop the matter. Surely, there must have been a valid reason for doing that. If he has ascertained the facts and if he is prepared to make that statement, I am prepared to make an enquiry into the matter, but only on his promise that if he finds himself in the wrong, he will not repeat such a statement again.

That is about all.

Mr. Chairman: The question is:

"That the Bill be passed."

The motion was adopted.

ESSENTIAL COMMODITIES BILL

The Minister of Commerce (Shri Karmarkar): I beg to move:

> "That the Bill to provide, in the interests of the general public, for the control of the production, supply and distribution of, and trade and commerce in, certain commodities, be taken into consideration."

Before I pass on to my observations, I should like to say that there has been expressed to me personally a desire on behalf of some Members of the House that this is a rather important measure and that it is much better to have it sent to a Select Committee. In case any hon. Members want to suggest it, I would only like to say that I am prepared to accept that suggestion. But if there is no such suggestion, I can proceed.

Mr. Chairman: The Minister must inform the House whether he would accept such an amendment.

Shri Karmarkar: I will accept the amendment. That is what I said.

Mr. Chairman: Motion moved:

> "That the Bill to provide, in the interests of the general public, for the control of the production, supply and distribution of, and trade and commerce in, certain commodities, be taken into consideration."

Shri Venkataraman (Tanjore): I beg to move:

> "That the Bill be referred to a Select Committee consisting of Shri N. M. Lingam, Dr. Suresh Chandra, Shri Ganesh Sadashiv Altekar, Shri Basanta Kumar Das, Shri Ghamandi Lal Bansal, Shri Radheshyam Ramkumar Morarka, Shri Bhagwat Jha 'Azad', Shrimati Tarkeshwari Sinha, Shri Tribhuan Narayan Singh, Shri Raichandbhai N. Shah, Shri Nandlal Joshi, Shri Chaudhri Muhammed Shaffee, Shri Bishwa Nath Roy, Shri Khushi Ram Sharma, Shri Debeswar Sarmah, Shri Banarsi Prasad Jhunjhunwala, Pandit Thakur Das Bhargava, Shri Narendra P. Nathwani, Shri Shivram Rango Rane, Shri Tek Chand, Shri Tulsidas Kilachand, Shri Asoka Mehta, Shri M. S. Gurupadaswamy, Shri Shankar Shantaram More, Shri A. M. Thomas, Shri U. M. Trivedi, Shri Kamal Kumar Basu, Shri Tushar Chatterjea, Shri D. P. Karmarkar, Shri T. T. Krishnamachari and the Mover, with instructions to report by the 15th of March, 1955."

Mr. Chairman: Amendment moved:

> "That the Bill be referred to a Select Committee consisting of Shri N. M. Lingam, Dr. Suresh Chandra, Shri Ganesh Sadashiv Altekar, Shri Basanta Kumar Das, Shri Ghamandi Lal Bansal, Shri Radheshyam Ramkumar Morarka, Shri Bhagwat Jha 'Azad', Shrimati Tarkeshwari Sinha, Shri Tribhuan Narayan Singh, Shri Raichandbhai N. Shah, Shri Nandlal Joshi, Shri Chaudhri Muhammed Shaffee, Shri Bishwa Nath Roy, Shri Khushi

Ram Sharma, Shri Debeswar Sharma, Shri Banarsi Prasad Jhunjhunwala, Pandit Thakur Das Bhargava, Shri Narendra P. Nathwani, Shri Shivram Rango Rane, Shri Tek Chand, Shri Tulsidas Kilachand, Shri Asoka Mehta, Shri M. S. Gurupadaswamy, Shri Shankar Shantaram More, Shri A. M. Thomas, Shri U. M. Trivedi, Shri Kamal Kumar Basu, Shri Tushar Chatterjea, Shri D. P. Karmarkar, Shri T. T. Krishnamachari and the Mover, with instructions to report by the 15th of March, 1955."

Shri A. M. Thomas (Ernakulam): Is not the hon. Minister making any remarks?

Shri Karmarkar: Yes. In view of the fact that this Bill will go to the Select Committee, I think it would not be proper for me to make a long speech at this stage.

Shri K. C. Sodhia (Sagar): On a point of order. I beg to enquire whether this sort of motion referring the Bill to a Select Committee without having given notice at the proper time is admissible now.

Shri A. M. Thomas: The Chair can always waive notice.

Mr. Chairman: The rule is clear. The Chair has discretion to waive notice, and in this particular case, since the amendment is an agreed one I am allowing it.

Shri Karmarkar: As hon. Members are aware, in respect of the control of the production, supply and distribution of certain essential commodities like the ones mentioned, control is absolutely necessary.

Now, I will not take the commodities one by one. Take for instance, raw cotton, raw jute and things like paper, iron and steel, cotton and woollen textiles.

Though we are achieving more and more of sufficiency, it will be obviously seen how essential it is to control these commodities which are quite essential to the life of the community. We all know how absolutely necessary it is, in the first instance, to have control of cotton, for instance, and of cotton textiles.

Hon. Members are aware that after partition, we have made a lot of progress in respect of cotton. In fact, our progress has been really much more than we had hoped to achieve. If I remember aright, the supply of cotton had reduced itself to something like 21 lakhs bales or there abouts. But last year, *i.e.* 1953-54, the Indian cotton crop has been estimated to be about 42 lakhs of bales. While this can be considered as no mean achievement, yet the cotton position is by no means satisfactory. We have still to import cotton from outside. Though we have already reached the targets fixed by the Planning Commission, namely 4700 million yards for mill-made cloth, and 1700 million yards for handloom cloth, still we want about 318 million pounds of cotton, while the present supplies are estimated to be only 218 million pounds. So, it is only necessary in the interest of textiles as a whole, both textiles produced in mills as well as the textiles produced in handlooms, to see that we do keep under control both the production, and the supply and distribution of both cotton as well as textiles.

Coming to another commodity, namely raw jute, it is so essential for our jute industry. Before Partition, as hon. Members are aware, India had a world monopoly of raw jute, and India had also the largest jute industry. But Partition made a change for us in respect of the supply of the raw material, namely raw jute. So, instead of exporting raw jute ourselves, we have become dependent on imports from our neighbour in respect of raw jute. As hon. Members are aware, in the post-Partition year, the total production of raw jute was 16½ lakhs of bales, and from then, we have reached almost the figure of 47 lakhs of bales in 1952-53. In 1954-55, I understand that the production is estimated to be about 36 lakhs of

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bales, which means a temporary setback. As hon. Members are also aware, the Indian industrial consumption of raw jute is somewhere about 60 lakhs of bales; and although the production has in the past two years been improved due to foreign overseas demand, still there have been times where in spite of heavy demand from export markets, Indian mills have had to effect drastic reduction in their working hours because of the shortage of raw jute. So, control is essential in the case of raw jute as well.

About iron and steel, hon. Members are aware how much necessary this control is, especially in view of the large requirements for our public developmental ventures, as well as for our work of distribution of iron and steel at proper prices to the industries.

About foodstuffs, I need not detain the House very long. In spite of the fact that we have largely crossed the danger margin, in respect of food and foodstuffs, it is absolutely necessary for us to keep a careful eye on the situation, for one does not know what will happen in the future. In India especially, this subject has to be carefully kept under consideration, because supposing there is failure of rain or there is abnormally low crop, then it may be necessary to take recourse to controls, from which we have happily for ourselves and for the whole of our economic life been able to get out. In any case, it is wise to have the powers for the State to control all foodstuffs. The same thing is true about cattle fodder also.

I shall not detain the House in regard to the other substances mentioned in this Bill, such as coal, component parts and accessories of automobiles, paper, petroleum and petroleum products, and other items. In item (xi) of clause 2 (a), we have said further:

> "any other class of commodity which the Central Government may, by notified order, declare to be an essential commodity for the purposes of this Act......

because at any time, there might be either a glut or a shortage of some essential commodity, in which case we shall have to exercise control, it however being a commodity with respect to which Parliament has power to make laws by virtue of entry 33 in List III of the Seventh Schedule to the Constitution. We have provided for this only by way of safe precaution.

This is the *raison detre* of the Bill. Since this is rather an important measure to be considered, I thought it was proper to have referred it to a Select Committee, because ultimately, I am quite sure, the House will find itself in entire agreement with the substance of the measure—both at this stage and also at the later stage—namely the necessity of control in respect of essential commodities. Any country which has no large powers of control will always work at its own peril, and we shall not know where it will land the people whose destinies are in its control. Therefore it is that I certainly expect —and it is natural to expect—that the House will be at one with us in so far as the necessity of these controls in respect of essential commodities are concerned. But certainly, we would like to benefit from this House from the observations both at this stage and also later on at the consideration stage, regarding the wisdom or unwisdom of governmental action in either imposing restrictions on certain commodities or relaxing certain commodities from restrictions, as also regarding the administration of controls. I think this discussion will prove absolutely useful, because in respect of essential commodities—as in the case of, certainly, other commodities, but much more so in the case of essential commodities—we have to see to it that not only the powers that we have got are sound, but that the administration of the powers also is soundly exercised; and

I look forward to very stimulating suggestions from hon. Members of this House in respect of this measure.

Mr. Chairman: Next, I call upon Pandit D. N. Tiwary. Is he a Member of the Select Committee?

Pandit D. N. Tiwary (Saran South): No, I am not fortunate as to be a Member of the Select Committee.

Shri Karmarkar: If he is very anxious, perhaps we might include his name.

Shri Nambiar (Mayuram): Not fortunate, but so unfortunate.

पंडित डी० एन० तिवारी : मिस्टर चेयरमन, हमारे उद्योग मंत्री ने जो यह इसेन्शियल कमोडिटीज़ बिल पेश किया है, मैं समझता था कि आज जब कि खुशकिस्मती से कंट्रोल वगरह के क़ानून खत्म हो गये हैं, तो इस तरह का बिल वे बहुत सतर्कता से, होशियारी से और बहुत खबरगीरी के साथ आगे के लिये पेश करेंगें। प्लान्ड एकोनामी तथा कंट्रोल बुरी चीज़ नहीं है लेकिन हमारे यहां पिछले सालों में जिस तरह कंट्रोल्स ने वर्क किया है, उसे देखते हुये हमें शक होता है कि आगे चल कर फिर कहीं वही धांधली शुरू न हो जाय। आप मुझसे इसमें असहमत नहीं होंगे कि गत वर्षों में जिस वक्त कि यहां पर अन्न, चीनी, कपड़े और तेल का कंट्रोल था उस समय हम लोगों का मारेल कितना नीचे गिर गया था। इस परिस्थिति के लियें हम किसी को न अलग करना चाहते हैं न किसी पर दोषारोपण करना चाहते हैं। लड़ाई के बाद और लड़ाई के समय में हमारे यहां जो कंट्रोल्स आये, वह हमारी नैतिकता को इतना नीचे ले गयें कि जिसकी कोई हद नहीं थी और अवस्था इस हद तक पहुंच गई थी कि यह कहना बड़ा मुश्किल था कि कोई भी इससे वंचित है और कौन आदमी इससे अपनें को अलग रख सकता है। आपको याद होगा कि जिस वक्त हमारे देश में चीज़ों की बड़ी कमी थी और कंट्रोल जारी थें, उस वक्त महात्मा गांधी जी ने अपनी ज़ोरदार आवाज़ कंट्रोल्स के खिलाफ उठाई थी और उनका कहना था कि भले ही देश में कुछ लोग भूखे मर जायें और बगैर कपड़े के रह जायें लेकिन कंट्रोल्स को कायम रखना उचित नहीं है, क्योंकि भूखे रहने से तो कुछ ही लोग मर जायेंगे लेकिन नैतिकता का पतन होने से सारा देश मर जायगा। हम देखते हैं कि उनकी बात कितनी सच थी। इन कंट्रोलों का ही नतीजा है कि हमारी नैतिकता का काफी पतन हुआ है। हमारी सरकार कंट्रोलों के क़ानूनों को लागू करने में उतनी सफल नहीं हो सकी और लोगों को करप्शन के चंगुल से बचाने में उतनी सफल नहीं हो सकी जितना कि वह होना चाहती थी और उसे होना चाहियें था। हो सकता है कि यह उनके काबू के बाहर की बात रही हो या तो जहां ब्रीचेज़ जनरल हों वहां क़ानून की रक्षा करना हमारे शासकों के बूते की बात नहीं है। आपने देखा कि न केवल प्रान्तों में ही बल्कि सेंट्रल गवर्नमेंट के भी सेक्रेटरीज़ प्रासिक्यूट हुयें, एक, दो पर मुकदमा भी चला लेकिन कितने और उन चीज़ों में शामिल थें यह नहीं कहा जा सकता। उस जमाने में जब कंट्रोल था, तो किसी चीज़ को महंगा करने का एक ज़रिया कंट्रोल हो गया था। लोग कहा करते थे कि यदि किसी चीज़ को महंगा करना हो तो उस पर कंट्रोल लगा दो। हमारे देहात में एक बहुत ही गंदा कुंआ था। उसका पानी साफ नहीं होता था, लोग उसको पसन्द नहीं करते थें। कुछ लोगों नें सुझाव दिया कि उसके पानी पर कंट्रोल लगा दिया जाय तो वह तुरंत साफ हो जाय। तो लोग कंट्रोल का मतलब यह समझते थे। जिस वक्त किदवई साहब मिनिस्टर हुये उस वक्त फूड पर कंट्रोल था। मिनिस्ट्री में आने के बाद उन्होंन यह आवाज़ लगाई कि कंट्रोल उठा दिया जाय। उन्होंने कहा कि हमारे सामने जो फैक्ट्स ऐंड फीगर्स हैं वह रिलाय-

[पंडित डी० एन० तिवारी]

बुल नहीं हैं। हिन्दुस्तान में अन्न काफी है, लेकिन हम लोग नाहक कंट्रोल लगा कर उसको महंगा करते रहते हैं। हमने उनकी बात के पीछे चल कर देखा कि उनकी बात में सत्यता थी। जैसे जैसे कंट्रोल हटता गया, वैसे वैसे हमारे देश में गल्ला सस्ता होता गया। आज भी आप देखिये कुछ चीजों पर कंट्रोल है। लेकिन हमारे यहां कंट्रोल से चीज नहीं मिलती। अगर कंट्रोल के अन्दर कीमत १ रु० १ आ० है तो बाजार में खुले आम वह १ रु० १२ आ० में मिलता है। गवर्नमेंट उसको रोक नहीं सकती है। हां, जो लोग हाकिमों को खुश नहीं कर सकते हैं, उन पर केस ज़रूर चलते हैं। कभी भी केवल ब्रीचेज के लिये केस नहीं चलते हैं, सिर्फ उन्हीं लोगों पर चलते हैं जो अफ़सरों को खुश नहीं कर सकते हैं।

अगर कोई एसेन्शियल चीजें हैं जिन के बिना गवर्नमेंट का काम न चलता हो, तो उन पर कंट्रोल जरूर रखा जाय, जैसे आज गवर्नमेंट को अपने डवलपमेंट के कामों के लिये लोहे की बहुत जरूरत है, उस पर आप कंट्रोल रखिये, लेकिन फूडग्रेन्स और फाडर पर कंट्रोल की क्या ज़रूरत है? मैं नहीं जानता कि कभी भी किसी जगह फाडर पर कंट्रोल लगा हो, देहातों में या शहरों में जब फाडर की कमी हो जाती है तो वह रुपये का चार, और पांच, सेर बिकता है। लेकिन इस पर आज तक कोई केस नहीं चला। न गवर्नमेंट चलाना चाहती है और न अफसरान ही चलाना चाहते हैं। क्योंकि एक तो उनकी पाकेट गरम होती है और दूसरे वह उसको कंट्रोल भी नहीं कर सकते हैं। वह डिमांड के मुताबिक सप्लाई ही नहीं कर सकते हैं। इसलिये ऐसी चीजों पर कंट्रोल लगाना कहां तक जायज यह मेरी समझ में नहीं आता है।

यह बिल चूंकि गवर्नमेंट बिल है, इसलिये पास तो होगा ही, लेकिन मैं सेलेक्ट कमेटी के मेम्बरों से कहूंगा कि वह इस में ऐसी चीजों को न डाल दें जिन पर वह खुद कंट्रोल नहीं कर सकते। आज फूड ग्रेन्स के सम्बन्ध में कंट्रोल करने की क्या जरूरत है? आज तो यहां पर रोज रोज फालिंग प्राइसेस के बारे में बहस होती है। यह सवाल उठता है कि दाम रोज ब रोज गिर रहे हैं। तो क्या हम यह समझें कि यह फालिंग प्राइसेज को रोकने का तरीका है और चीजों को महंगी करने की गरज से यह कंट्रोल लगाया जाता है? या इसमें सचमुच कोई राज छिपा हुआ है। आप जानते हैं कि किसी चीज की तरफ जब सरकार हाथ बढ़ाती है तो लोगों की दृष्टि उधर जाती है और वह समझते हैं कि शायद इस चीज की कमी कहीं हो रही है और इस भय के कारण यह कंट्रोल लगाया गया है इसके कारण कुछ दिनों के लिये चीज महंगी हो जाया करती है। तो जब अन्न इतना सस्ता हो रहा है, फाडर की कमी नहीं है फिर इन चीजों पर कंट्रोल क्यों लगाया जा रहा है? मैं सेलेक्ट कमेटी के मेम्बरों से कहूंगा कि इन चीजों पर वह गौर करें और उन चीजों पर कंट्रोल न लगायें जो आज देश में बहुतायत से मिल रही हैं। हां, अगर कभी जरूरत हो कंट्रोल करने की तो आपके हाथ में शक्ति है, दो मिनट में आप आर्डिनैन्स इश्यू कर सकते हैं, पार्लियामेंट बुला कर बिल पास करा सकते हैं या एडिशन करवा सकते हैं। लेकिन झूठ मूठ एक शक्ति अपने हाथ में रखने के लिये आप ऐसा क्यों कर रहे हैं?

अभी हम लोगों के प्रश्न पूछने पर मालुम हुआ कि हिन्दुस्तान में सप्लाई विभाग के करीब ६०,००० आदमी बेकार हैं। एक तरफ तो आप उनको हटाते जाते हैं कि कंट्रोल जारी रखने की मंशा नहीं है और दूसरी तरफ से आप ऐसे कानून ला रहे हैं। इसकी आखिर क्या जरूरत है? किस लिये ऐसा बिल लाया

जा रहा है ? हमारे कुछ भाई धीरे धीरे बोलते हैं कि "बिल मस्ट बी देअर" तो बिल तो आप के हाथ की बात है, जब चाहें पास कर दें। क्यों बिल मस्ट बी देअर ? आप उन चीजों पर कंट्रोल रखिये जिन की कमी हो, लेकिन जो बहुत हैं उन पर कंट्रोल रखने की क्या जरूरत है ? खैर, मैं बहुत स्टैटिस्टिक्स में जाना नहीं चाहता, न इसमें कोई बहुत ज्यादा समझाने की जरूरत है। मैं तो यही कहूंगा कि तमाम चीजों को, जिन की कमी नहीं है, कंट्रोल से बाहर रखिये।

साथ ही आप बिल के सेक्शन १३ और १४ देखिये। सेक्शन १३ में है :

> "Where a person is prosecuted for contravening any order made under section 3 which prohibits him from doing any act or being in possession of a thing without lawful authority or without a permit, licence or other document, the burden of proving that he has such authority, permit licence or other document shall be on him."

[SHRI BARMAN *in the Chair*]

बात असल यह है कि किसी भी मुकदमे में कसूर साबित करने का भार प्रोसीक्यूशन पर रहा करता है, लेकिन इसमें आप यह भार डिफेंस पर डाल रहे हैं। आपको साबित करना है कि हां, साहब आप नहीं रख सकते हैं। आपके यहां रेकार्ड है, आप रेकार्ड पेश कर सकते हैं कि फलां आदमी को लाइसेंस नहीं दिया गया। उस गरीब पर आप यह भार क्यों डाल रहे हैं ?

दूसरी बात यह है कि आप जानते हैं कि सप्लाई डिपार्टमेंट के अफसरों का नैतिक स्तर क्या होता है। बहुत से केसेज केवल बैर विरोध पर हुआ करते हैं। सेक्शन १३ के अनुसार आपने उनको अक्षुण्ण बना दिया। आपने लिख दिया :—

> "No suit, prosecution or other, legal proceeding shall lie against any person for anything which is in good faith done or intended to be done."

ऐसे बैर विरोध बहुत काम करते हैं और लोगों पर केस चलते हैं। आप सभी को इसका तजुर्बा होगा। खास कर जो १००, ५० रुपया पाने वाले जो लोग होते हैं जब वह अफसर हो जाते हैं तो चाहे जिस मतलब से हो कुछ लूटने के लिये या बैर विरोध के लिये, या उनकी बात नहीं मानी गई, इसलिये मुकदमा चला दिया। तो वह लोग जो अक्षुण्ण रहते हैं, उनके खिलाफ कोई कुछ नहीं कर सकता। आपको तो इसमें ऐसा रखना चाहिये कि जिससे अगर अफसरान कोई गलती करें तो उन पर भी मुकदमे चल सकें हायर अफसरों की हालत यह है कि किसी छोटे अफसर के खिलाफ यदि किसी ने दरख्वास्त भेजी तो वह दरख्वास्त घूम फिर कर उसी अफसर के यहां जाती है या उस के किसी भाई बन्द के यहां जाती है कि इस बात की एन्क्वारी करके भेज दो। बड़े से बड़े लोग मुकदमा चलाना चाहते हैं या उस पर स्टेप लेना चाहते हैं, लेकिन रिपोर्ट आने में ३, ६ या ८ महीने लग जाते हैं जिस में वह आदमी ऊब कर मामले को छोड़ देता है या फिर उस मामले को ही दबा दिया जाता है। मेरा तो यही अनुभव है। हमारे यहां एक आदमी था उसने मार्केटिंग इन्सपेक्टर पर और एक व्यापारी पर मिल कर चावल बेचने का केस चलाया। केस सच्चा था। लेकिन इस तरीके से उसे मैनिपुलेट किया गया कि मुकदमा करने वाले आदमी पर मुकदमा चल गया। इसलिये पब्लिक सफर न करे, ईमानदार लोग सफर न करें, बेईमानों को सजा हो, इसकी कोई गुंजाइश इसमें रखिये, नहीं तो, अगर आपने सब इख्तियार और सब अक्षण्णुता अफसरों को दे दिया

[पंडित डी० एन० तिवारी]

तो फिर आप उस पर क्या कंट्रोल रखियेगा, यह कहा नहीं जा सकता ।

इसलिये इतनी ही चन्द बातें आपके सामने रख कर में चाहूंगा कि इसमें से कम से कम ऐसी चीज़ें निकाल दी जायें जो इस समय बहुतायत से हैं । कम से कम फूडग्रेन्स और फाडर और ऐसी ही दूसरी चीज़ें तो इस में से हटा दी जायें ।

4 P.M.

Shri S. C. Samanta (Tamluk): The Essential Supplies (Temporary Powers) Act was enacted by the Central Legislature in 1946. Its life was limited to the 26th January, 1955. On the 26th January 1955, an Ordinance was promulgated to enliven the Act. Now the Bill has been brought before us and it is going to the Select Committee. I have mainly to refer the definitions that have been included in this Bill for the consideration of the Members of the Select Committee. In it, I find, 'foodstuffs, including edible oilseeds and oils'. It is also said that it is for the control of the production, supply and distribution of, and trade and commerce in certain commodities that have been mentioned in the definition. In the definition, foodstuff including edible oilseeds and oil have been mentioned. I cannot understand why oils only have been mentioned. There are other things also. Do not the Government want more production of those things? Government have established so many central committees, the Indian Central Coconut Committee, the Indian Central Tobacco Committee, the Indian Central Arecanut Committee, the Indian Central Tea Committee, the Indian Central Coffee Committee, the Indian Central Silk Committee and so on. There are so many committees that exist for the improvement of production of these and other things. It should be considered why the other things are not mentioned and only edible oilseeds and oils are mentioned. We know that the Government is thinking of constituting an Indian Central Spices Committee. That also comes under foodstuff. Not only foodstuffs, food crops have also been mentioned. Food crops includes crops of sugarcane also. Foodgrains and food crops should be defined in such a way that there will be no anomaly in the Act. From the previous Act I find that there was mention of mica also. It has also to be considered by the Select Committee as to why mica has been deleted.

There is one item, cotton and wollen textiles. I cannot understand why silk has been left out. There is a great necessity for giving attention to the silk industry of India. There is also the Indian Central Silk Board. So, I cannot understand why only cotton and woollen textiles have been mentioned and not silk goods.

Mr. Chairman: This Bill is in fact primarily for the purpose of control of the trade and commerce in certain commodities.

Shri S. C. Samanta: It is also concerned with production, supply and distribution and trade and commerce. So, I refer to these things also. Control is necessary only when there are disadvantages found in the country for the equal distribution of the things. We have a bitter experience of the controls that we have had during war time and afterwards. Control is a good thing if we cannot accept control as it is, or as it should be, then we are condemned. As we could not accept control that was there, our morals have gone down. Now, I hope, people have understood the bad effects of control and they are very careful about it. So, under the circumstances, we request the Members of the Select Committee to include only those items which are most essential and those articles which are in abundance and can easily be available should not be included.

Sir, I hope the Select Committee will give due consideration to the Bill. With these few words, I favour the motion for reference to the Select Committee.

Shri Raghavachari (Penukonda): I rise to make a few objections to this measure. You know that the Constitution, when it was first framed by the elders, definitely contemplated an emergency and that too for a temporary period. The present Government felt the need for power. Centainly, all cases for power come only in the interests of the public and not certainly in the interests of those who want to exercise the power. Therefore, the need for exercising that power or continuing that power was felt so much that they thought that even the existing Constitution should be amended and then the Constitution was amended.

Now, the question is, is the situation in the country even as bad as it was at the time the Constitution was made and even then they prescribed it for a few years only. The present Bill is to make it a permanent feature. If you examine the provisions of the various items and the schedules, the State, the Central and the Concurrent Lists, you will find that many of these essential goods which have been included in the Bill are goods the production, manufacture, control, sale and distribution of which are mostly the exclusive province of the States, particularly, the agricultural commodities. So, production and distribution of agricultural commodities are within the scope of the States. Inter-State may possibly come here. Therefore, you see that the present Bill which wants to control production, distribution and trade and other things, definitely transgresses the exclusive power of the States. No doubt, it might be said that the powers will be so exercised that the State interests will not conflict. But I daresay that it always happens that these powers are exercised not with the eye on the interests of a particular State but with the eye on the whole of India, which necessarily goes against the interests of some particular States. Therefore, I feel that it is very essential that the Select Committee has to consider some safeguards as necessary. The language is very wide in some of the sections and words like 'incidental', 'necessary', 'conducive' etc., are used and they may very seriously interfere with the exclusive jurisdiction of the State. Safeguards must be provided necessitating the consultation with or after obtaining the previous consent of the States before these powers are enforced on them. Otherwise, it is sure to create some bitterness. That is a point which I wish to stress.

Here we are not talking on absolute principles whether control is necessary or not necessary. Any body might say that a State must have powers to control provided the control is properly exercised. It is always there, but what is our previous experience? An hon. Member was referring to our previous experience. If there is any bad taste of bitterness in our minds, it is due to the after effects of that wretched control and its management. It made the society most obnoxious. It made everybody concerned with the control administration exposed to criticism, and I for one feel that, in my experience of our composite State of Madras, that the moment you want to make any particular goods go out of public view in the market, you must bring them under control. If you bring them under control, the goods or materials suddenly disappear. I shall give an experience of mine. Once in Madras, two days before Deepavali, they introduced control on jaggery. The result was that in a place like Hindpur, where thousands of bags of *gur* are produced, the next day and on Deepavali not one seer of jaggery could be procured. Everything had gone underground. The only result of introducing control is to make the commodity disappear and that is how it has worked before. I am afraid in spite of the best management, it is bound to go in the same direction. We all know black-marketing and its concomitant things.

Mr. Chairman: The hon. Member will please remember that only one hour is allotted for this Bill.

Shri Raghavachari: I shall finish in a minute. The black-market and its concomitant things naturally follow. When such a measure is to be placed permanently on the statute-book, I do agree with my friend, who spoke previously, that only such of the commodities as are rare and are not very abundant may be controlled. All kinds of cattle fodder are mentioned and it is a most ununderstandable thing. Similarly, in regard to the varieties of oilseeds; so far as the position of Andhra and Madras is concerned, oilseeds were grown there in abundance. The agriculturist grew them to the exclusion of other commodities. Then, in the manipulation or management of the controls, the agriculturist lost heavily. The State Government agitated and made representations to the Centre. So, there is the difficulty that in trying to control commodities which are grown by agriculturists and within the peculiar province of a State, the Centre creates irritation and the necessary consequence of it is bitterness.

I would submit that the Select Committee might consider that in the matter of controls, the better thing would be to fix an economic price for the commodities in advance rather than go about controlling after a thing is produced and then disappointing people who have grown it. Because of the loss they have suffered in a particular year those people might make up their minds not to produce it again. So, the control must be so exercised that economic price and other things are fixed in advance so that the commodity may be grown safely in anticipation of a proper market. I would request the Select Committee to examine most of these items and then omit those that are not necessary in the real interests of the larger economy of the whole of the State.

BUSINESS OF THE HOUSE

Mr. Chairman: I have to inform the House that the Business Advisory Committee has suggested that one hour may be allotted for the consideration and passing of the Working Journalists (Industrial Disputes) Bill and that it should be put down from 5 to 6 P.M. on Thursday, the 10th March, 1955.

I take it that the House is agreeable to this recommendation.

Shri D. C. Sharma (Hoshiarpur): How much time was devoted to this Bill in the Rajya Sabha?

Mr. Chairman: It is the decision of the Business Advisory Committee and I have informed the House of that decision.

Shri D. C. Sharma: I beg to submit that one hour is not sufficient.

Shri Nambiar (Mayuram): One hour seems to be very little when compared with the work that is to be done.

Shri Sivamurthi Swami (Kushtagi): May I know whether the Bill was placed before the Advisory Committee as this is a very important Bill?

Shri Nambiar: Here, we are dealing with the Working Journalists Bill and I say that there must be at least two hours. My suggestion is that as we are anyhow sitting beyond 5 P.M., let us sit till 7 P.M. as that is a very important Bill.

Dr. Suresh Chandra (Aurangabad): Not on that day, but on another day.

Mr. Chairman: It is now put down as 5 to 6 P.M. Shri Nambiar's suggestion is that it may go upto 7 P.M.

Dr. Suresh Chandra: The time may be extended to two hours, but not from 5 to 7 P.M. and I do not think there would be enough quorum at that time

Mr. Chairman: For the present, let it remain as it is. On that day, let the further suggestions come. For the present, this is the order of the House.

ESSENTIAL COMMODITIES BILL—*contd.*

Shri Kazmi (Sultanpur Distt.—North *cum* Faizabad Distt.—South West): I have given notice of an amendment and I think it will be better, for the information of the Members of the Select Committee and of the House, for me to give the reasons why I gave notice of that amendment. An important question arises when we have passed the Act and have left the rules to be made by the Government. Everybody knows that it is a matter which requires due consideration.

In this connection, the chief complaint I heard which I want to brin to the notice of the House is that while making the rules under the Essential Supplies Act for food and fruits, encroachment was made on certain products which are chemically prepared by some Hakims or Vaids in the form of syrups and *sherbets.* Of course, so far as medical preparations are concerned, they are admittedly out of the scope of the Act, and they are to be governed if they are to be governed at all, by the Drugs Act. But unfortunately, the Drugs Act also does not deal with certain preparations which are made by Vaids or Hakims according to the Ayurvedic or Unani system of medicine respectively. In this particular case, what happened is that they framed a rule under this Act—the Food Products (Control) Order, 1948. In sub-rule (2) of rule 18, they say that this order shall not apply in relation to *sherbets* containing fruit juices sold for medicinal use provided that they are sold in bottles where on clean labels, the word for 'medicinal use' either in English or in the language and script of the locality are written up.

Now, a perusal of this rule would show that fruit juices sold for medicinal use shall be exempt from the operation of this order provided the words 'for medicinal use' are written and provided they are contained in bottles bearing a plain label. The question was—the test was given—whether they were to be used for medicinal purposes or not. But the test prescribed was that if they were contained in a bottle with a clean label, a plain label, then they will be exempt from the operation of this order. If, instead, there were some pictures on that label, if that label showed some flowers of some vegetables or something of the kind, the item would be governed by this order. One of the strangest things that I was thinking about was that how the matter is to be determined by a picture on the label of a bottle—whether it was to be governed by the Food Control Order or not. It submit that I am personally of the opinion that there must be some rule or law regulating medicinal preparations which are prepared by Hakims and Vaids.

I am in favour of the control that is to be exercised on them. I consider it to be more necessary than the control which is on food and which must be only of a temporary kind. But, at the same time, I do not think that the Food Department, while they are providing for the preservation of food, should encroach upon the medical field. The only test that they have prescribed is that if a particular bottle has got a picture of vegetables or fruits, that bottle or medicine will be considered to be not a medicine but a food product coming under the Food Control Act. So, the reason why I have given notice of an amendment is that we must clarify the position. If we want to check the medical preparations by Hakims and Vaids, we are perfectly entitled to do so, but that must be done by a separate legislation. This Essential Supplies Act is not to be used for the purposes for which it is not meant. I think that the Government will also consider this aspect. If necessary, they may include a provision for supervision of all these syrups that are prepared by Vaids or Hakims under the supervision of a Board consisting of Hakims and Vaids. I have no objection to it. That is probably necessary. But we cannot hand over this matter to the control of the Food Department while they are

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administering the Act only for the preservation of food.

BUSINESS OF THE HOUSE

Mr. Chairman: In view of the fact that several Members wanted more time to be added to the consideration and passing of the Bill—the Working Journalists (Industrial Disputes) Bill —which we are to take up on the 10th March, I think it is proper to put the question to the House. The following is the amendment to the Business Advisory Committee's recommendation:

> "The House, while agreeing to the recommendation of the Business Advisory Committee, suggests that the question of making available further time for the Bill may be considered when the Bill is taken up by the House."

I hope the House agrees.

Hon. Members: Yes.

ESSENTIAL COMMODITIES BILL

Shri Ramchandra Reddi (Nellore): I have got to make a couple of observations on this Bill. It is noticed under clause 3 (2) (b) that an order may provide for bringing under cultivation any waste or arable land, etc. I feel that it is out of place in this Bill. It should naturally find its place in any Bill relating to the land reforms the land development and land management. At any rate, land is not a commodity which can be brought under this control. I therefore suggest that this sub-clause might be deleted. I suggest that the Select Committee should go into this matter in greater detail.

Another suggestion that I would make is this. In the same clause, that is, clause 3 (2), an order can be issued providing for regulating licences, bringing under cultivation any waste land, etc. Usually, I am told, that in legislations made by the Centre, the orders are simply approved and published in the gazette. But in the State Governments, we find, by practice or convention, that the draft orders are published in the gazette and then six weeks' time is given within which period objections are invited and considered. And then, the Government would take their decision on those objections, if any. If such a provision is made in this Bill, it will go a great way to allay the fears of the people who have to be governed by this measure. These are the two suggestions that I wanted to make.

The Deputy Minister of Railways and Transport (Shri Alagesan): I am sorry it has not been possible for my friend, Shri Karmarkar, to return the House to reply, but I may be permitted to reply on his behalf. I am not going to say much. I have been listening to the speeches very attentively, and I have also been taking note of the suggestions which I shall pass on to my colleague, Shri Karmarkar. It is fortunate that this Bill going before the Select Committee. So, all these valuable suggestions made by hon. Members here will be taken due note of by the Select Committee when they begin to deliberate on this Bill. I can only say that on behalf of the Government we are pleased to accept the motion to refer the Bill to a Select Committee moved by Shri Venkataraman.

Mr. Chairman: The question is:

> "That the Bill be referred to a Select Committee consisting of Shri N. M. Lingam, Dr. Suresh Chandra, Shri Ganesh Sadashiv Altekar, Shri Basanta Kumar Das, Shri Ghamandi Lal Bansal, Shri Radheshyam Ramkumar Morarka, Shri Bhagwat Jha Azad, Shrimati Tarkeshwari Sinha, Shri Tribhuan Narayan Singh, Shri Raichandbhai N. Shah, Shri Nandlal Joshi, Shri Chaudhri Muhammed Shaffee, Shri Bishwa Nath Roy, Shri Khushi Ram Sharma, Shri Debeswar Sarmah, Shri Banarsi Prasad Jhunjunwala, Pandit Thakur Das Bhargava, Shri Narendra P. Nathwani, Shri

> Shivram Rango Rane, Shri Tek Chand, Shri Tulsidas Kilachand, Shri Asoka Mehta, Shri M. S. Gurupadaswamy, Shri Shankar Shantaram More, Shri A. M. Thomas, Shri U. M. Trivedi, Shri Kamal Kumar Basu, Shri Tushar Chatterjea, Shri D. P. Karmarkar, Shri T. T. Krishnamachari, and the Mover, with instructions to report by the 15th of March, 1955."

The motion was adopted.

RAILWAY STORES (UNLAWFUL POSSESSION) BILL—*contd.*

The Deputy Minister of Railways and Transport (Shri Alagesan): I beg to move:

> "That the Bill to provide for the extension of the law relating to the punishment of the offence of unlawful possession of railway stores, as now in force, to the whole of India and to re-enact its provisions, as passed by Rajya Sabha, be taken into consideration."

Sir, this is a small Bill which seeks to achieve two things; one to replace the Railway Stores (Unlawful Possession) Ordinance promulgated on 13th May, 1944 which is still valid and applies to the whole of what was British India, and, secondly to make the provision of the legislation applicable throughout the Republic with a view to preventing persons from having unlawful possession of railway stores and trading in them thereby endangering the safety of railway operation. It became necessary during the last war to provide that whoever is found or proved to have in possession of any article of railway stores shall be punishable with imprisonment for a term which may extend to five years or with fine or with both if the court sees reasonable grounds to show that such article happens to be or to have been the property of any railway administration unless he proves that the article came into his possession lawfully But being an Ordinance, although not restricted to six months only, in validity, some of the States were not aware of its continuance, its application was also not extended to most of the present Part B States. The police and security organisations have therefore met with serious difficulty in curbing the anti-social elements who have been making profit at the expense of the railway revenue by selling railway articles and trading in them. In certain important railway centres the States have experienced serious difficulties in launching prosecution against the smugglers or culprits on account of the presence of the Ordinance not being applicable to some of the Part B States. The Bill is intended to remedy this defect. When it is passed into law the Railway Stores (Unlawful Possession) Ordinance will cease to be in operation and its provisions will apply to all the States throughout the Indian Union including the Part B States as a permanent measure.

Mr. Chairman: Motion moved:

> "That the Bill to provide for the extension of the law relating to the punishment of the offence of unlawful possession of railway stores, as now in force, the whole of India and to re-enact its provisions, as passed by Rajya Sabha, be taken into consideration."

Shri Nambiar (Mayuram): I have gone through the Bill carefully and as the Deputy Minister for Railways has just now said, it is a very small one. He says it is a non-controversial Bill, it is after all a very good Bill for the benefit of the railways of the country and, therefore, it may be passed straightaway. That is his argument and he says that at present there is something like a law of that kind existing as a result of the legislation or, rather, extraordinary decision taken by the Governor-General 1944 in the way of an Ordinance. He says the whole thing is still in vogue throughout India except the Part B States. Therefore according to him there is already a law in existence and what he wants is only to extend it to the Part B States also.

But, I do not consider it in that light. There may be a law existing today as a result of the Ordinance issued by

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the Governor-General in 1944. That is no reason why we should allow it to continue. Here is an occasion for this august House to decide whether that Ordinance should be continued or not. I submit, Sir, that this is the best opportunity for this House to discuss the entire subject and to throw out that Ordinance. That is my submission. I oppose the Bill in its entirety though I understand the spirit with which this Bill has been brought forward.

A first perusal of the Bill will convince anyone—he need not be a legal minded man—any ordinary man that this is not at all acceptable. The expression "railway stores" is defined as —"railway stores includes any article used or intended to be used in the construction, operation or maintenance of a railway". Note the words "construction, operation and maintenance". Now, any article can come under this definition. Coal can come under this definition, steel can come, stones can come, bolts and nuts can come, even gravel can come under this definition. And, the next clause says:

> "Whoever is found, or is proved to have been, in possession of any article of railway stores shall, if the court sees reasonable grounds for believing such article to be or to have been the property of any railway administration, unless he proves that the article came into his possession lawfully, be punishable with imprisonment for a term which may extend to five years, or with fine or with both."

Anyone who is found in possession of a material which is supposed to be a railway material in the opinion of the court—it may be gravel or a piece of stone; whatever it may be—is liable to be punished with imprisonment for five years unless he proves that he came in possession of the material by some lawful method. The onus of proof lies on him. If he does not prove he is liable to be punished. That is the position and we are asked to accept this Bill. I think nobody will, in normal circumstances, accept such a legislation, leave alone my accepting it.

The position now is very clear. They say there was an emergency in 1944. I can very well understand that there was emergency in 1944 when there was war. There was so much shortage of railway materials, railway materials had to be taken away from India to the war front and any piece of iron or any other material that would be available in those days was of very much use because the whole country was engaged in war. Therefore there was a necessity according to the Governor-General then to pass the Ordinance of that type. Even now I do not under-rate the need or importance of railway materials. I know that the railway materials just as any other materials are very important. Today we have not only the railway; we have got the Hindustan Aircraft Ltd., an aeroplane repair shop at Bangalore. Is the material of an aeroplane not important? Anybody can steal it and if he is caught he comes under the normal law. What is the normal law? For a theft the culprit can be prosecuted and punished. If a spare part from the Hindustan Aircraft Factory is stolen that comes under the normal law but if a railway line or a nut is stolen or even a bucket of gravel is taken then the man will be imprisoned for five years under a special law. That is a strange position. I cannot understand this. I can no doubt conceive the idea that theft must be put an end to; theft must be put an end to not only on the railways, but everywhere. But how are we going to put a stop to that? Is it by enacting measures like this, penalising persons for everything that could be conceived of under the sun? No, that is not the method. Therefore, in principle, I oppose this Bill; legally this measure is untenable. On moral grounds, I say we must fight theft on the railways for which I and everyone on this side will support him, but not by this method.

This is a very important piece of legislation. Tomorrow it may so happen that I go away from here. In my pocket, or in my suit case, may be found a nut or a bolt of the railways. I may then be booked in the Madras Central Station and awarded five years imprisonment. Is it understandable? Are we to pass such a law here? Straightaway the hon. Minister brings it forward and says: "This is an innocuous Bill; pass it." We cannot admit it. Has the hon. Minister submitted to the House any data concerning this Bill? During the last eleven years, ever since 1944, how many cases were detected; how much of stolen railway materials were found out; how many persons were prosecuted and how many were convicted? Could he prove to the satisfaction of this House and the country, that the situation has deteriorated to such an extent that stringent measures are necessary? He has not given any such data. I would, therefore, request him to submit data on these lines.

In the meantime, I went through the proceedings of the Rajya Sabha which discussed this matter in detail. I could find nothing in the arguments of the hon. Members to support the hon. Minister. Even the Members belonging to his party opposed it and made it clear that nobody could accept such a piece of legislation. One or two hon. Members indirectly supported it saying, "We shall give all our sympathies to stop corruption and theft." They gave him a pat on his shoulders. But nobody accepted the principle or the scope of the Bill.

Leaving aside the question of the lack of data, I have in this connection to submit that we had occasions in the past to pass very stringent legislations, in this House. We passed the Preventive Detention Act. It was not an ordinary law. Under it anybody could be arrested and kept in detention without trial. But there was considerable hesitation on the part of the House to pass it. There was so much of opposition to it. The hon. the Home Minister had to come and persuade the House and the whole country that under certain circumstances, particularly in the present state of affairs in our country, Government should be vested with extraordinary powers, to deal with anti-social elements. Then only was the measure passed. Subsequently we passed another measure, the Criminal Law (Amendment) Bill. There was so much of heat, when certain rights of the accused were sought to be taken away. There was a detailed discussion on the issue. But in regard to this measure I find that the hon. Minister does not show any anxiety which was felt by the other Ministers when they introduced such Bills. Why is it so? He may think that this measure does not involve such heavy penalties. But this power is likely to be used, or abused by any police officer to involve any worker, honest or dishonest worker, in prosecution. The Railways are manned by ten lakhs of workers and the railway using public income to more than 65 crores, according to the estimation of the hon. Minister himself: even the third class passengers upto a distance of 50 miles are to the extent of 65 crores. Among such a vast number of persons connected with the railways anybody can be accused of being in possession of some railway material; we connot allow all these people to be brought into the orbit of this measure, simply because once upon a time, in 1944, there was an ordinance promulgated for the safeguarding of railway materials. That situation cannot be expected to arise now. Of course, whatever theft is taking place must be stopped. I am connected with the railwaymen in many ways. I know there is theft. I have had occasions to reveal certain thefts to the higher officers and the police. Many a time I have taken the police into confidence, though the police will never take me into confidence. Recently I brought to the notice of the Police an instance where a railway official in Golden Rock was in possession of some railway materials. The police straightaway went to the spot and sealed it. But still it is under seal. I am eager to see

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that the nation's wealth is protected and I am doing it in my own way.

But even today—I say this with all respect to the railway bosses and officers, I have no anomosity towards them—in ninety, if not ninety-nine, per cent. of the officers' bungalows I can show railway materials straightaway. Immediately after five o'clock let the hon. Minister and the local C. I. D. officials come with me in a car. Let us go straight to any officer available in Delhi and I shall show him railway material. Is he prepared to accept the offer?

Shri Ramachandra Reddi: (Nellore): It is not stolen!

Shri Nambiar: Correct, it is not stolen. If it is an officer it is not stolen. The Police will certainly say: "It is not stolen; there is no evidence; we cannot make out a case." But if it is a worker, their immediate conclusion is that it is stolen.

Shri S. S. More (Sholapur); Or Nambiar.

Shri Nambiar: Nambiar is there to be hanged at any time without notice.

I am not exaggerating. There may be young officers who may not indulge in such practices. It is a good thing, if at all it is so. But there are very, very clever officers who can devour anything that is possible. In the workshops there is the watch and ward staff at the gate. There are officers who take railway materials right in their cars in the very sight of the security officials and pass it. How can a watch and ward sepoy getting a pay of Rs. 35 stop a Works Manager who is the boss of the whole workshop? So he gives a salute and the car passes on. Recently, I came to know the case of a railway officer who changes his car very often. He gets a car from a firm of his friend which costs him only Rs. 1,000. The car is taken to the workshop, repaired, renewed and renovated and returns it to his friend. For every such car so repaired he gets a thousand rupees. Many such cases I have brought to the notice of the Railway Administration and the Corruption Enquiry Committee when Acharya Kripalani came to Trichinopoly. I had occasions to give him specific cases. But those officers still remain there. They are unaffected and no reports will come. There are stages where those things should be stopped at least when known to the administration. I can understand things which go unnoticed, but things which are known and brought to the notice of the higher authorities must be dealt with. That is not being done. And without doing all that this Bill has been brought up. To give sanction for what? Tomorrow there may be a railway fitter, a loco shop fitter may be working, and when he goes home from work in the night he may have to take a spanner or file so that it may be brought back safe the next morning. And if that worker is an active member of a trade union and the police want to fix him up he will be caught. And for the theft of the file or spanner he will be booked the next morning and be safely in prison for five years under this law. This is the nature of the law.

You may put me the question: how are you to stop these thefts? If the thefts are to be stopped the Railway Administration should take the willing co-operation of the workers and their trade unions without which nothing can be done. The ten lakhs of workers must be taken into confidence. These people will then save not only crores of rupees but will save a lot more for the Railway Administration. But the Railway Administration or the Railway Board will not pay eight annas more to the worker saying that there is no money. But when the worker says: I can stop all these thefts with my co-operation, but give me something more so that I may be more contented. But the administration says: no. That is the attitude of the Railway Administration. I do not want to take this opportunity of canvassing for better living conditions for the railway worker. We will have it on Monday when the Railway Demands for Grants come. But I wish to say that the worker's co-operation must be taken. That is requisite number one for stopping theft.

The second thing is whenever cases are brought to the notice of the Railway Administration and the police, especially against officials and officers very strong action must be taken. If you can catch the officers, officials and supervisory staff at the top, then the bottom will be all right. These officers go unnoticed, unscathed. I have much information on this. Let the security police or what they call the Watch and Ward Department be given powers, and let them say "Whoever gives information about stealing of railway material or thefts, etc. will be given such and such protection, will be given such and such facilities, they will be taken to the police and the police will help them." Then I can tell you that most of the thefts can be exposed. No question of departmental action and all that. After three years another officer will come and there will be questions of communalism, north, south, west; this officer belongs to that part of the country, that officer belongs to this group of the Railway Board and so on. All these things should be put an end to if theft is to be put an end to. Otherwise nothing will help. An officer of one community will be supported by another officer of his community. A Madrasi officer will be supported by another Madrasi officer; a Mahratti officer will be supported by another Mahratti officer; a Bengali officer will be supported by a Bengali officer; and a Malayalee officer will be supported by a Malayalee officer. All these things are there; communalism is rampant.

Shri A. M. Thomas (Ernakulam): There is no Malayalee officer there.

Shri Nambiar: There is no Malayalee officer. We have the Tamilian Minister. Very good.

What I submit is a fact. I want to tell facts and realities. Otherwise we may pass a law which will be there only on paper and not come into operation. We must take realities into consideration. Therefore I submit that you should take very strong and stern action against the higher officers in such cases. They should not be spared. They must be punished very severely. Prosecution must be launched. For that purpose this Bill is not necessary. The normal law is enough. Under the normal law any employee who steals railway property can be booked and punished. Under normal law any officer can be punished. But there must be the mind behind the Ministry and the Railway Board to deal sternly and severely with those who indulge in stealing.

Therefore I am strongly opposed to this Bill in its entirety. But I should not be misunderstood as one who in any way likes to have railway property stolen. Never. I am a strong opponent of that. I will do my best, even without this Bill or this legislation, to support the administration to catch the thieves. I will never support the thieves. There are certain cases where sometimes workers are caught. And they used to come to me for help. I have always told them "I shall help you in all cases but not for theft—good-bye, in regard to theft do not come to me." That is the attitude I have always taken.

Shri Venkataraman (Tanjore): That is for others to say!

Shri Nambiar: That is the record. I shall never support any theft, I shall oppose it in all possible manner.

Then there is another lacuna if we pass this Bill. Suppose I am a thief.

Shri S. S. More: Why suppose!

Shri Nambiar: And I steal property. And I pass it on to my friend Mr. More. Mr. More is in possession of it. I go away. The police catches Mr. More and he is responsible to prove in the court that he is in possession of the property legally. I will go away! This is the position. The man who is in possession of the property has to prove. The onus is on him, he will have to prove that he is legally in possession of it. The contractors may do all the mischief and the railwayman on the spot

[Shri Nambiar]

will be caught. That danger is there. If this Bill is passed it is most unsafe for anyone to be a railway employee, or a railway passenger.

We are dealing with serious issues here in this Parliament of India and passing a legislation so sweeping and asking the whole country to approve of a legislation to put any man in jail for five years straightway. Why this extraordinary piece of legislation and punishment of five years for theft of a railway material? Under the Indian Penal Code and Criminal Procedure Code, punishment for all thefts is not equal. From a theft of five rupees to a dacoity everything is classified in the Penal Code. A theft of five rupees can be disposed of by a Magistrate by putting the man in jail for a week or imposing a fine of fifty rupees whereas in the case of a dacoity he may inflict a punishment of three, five or ten years' imprisonment. Here everybody who is found to be stealing or who is actually in possession of stolen property can be put in jail for five years.

This legislation cannot be accepted. I say so not because I have got any soft corner in my heart for railwaymen or any particular section of railway workers but because I have got a soft corner for the whole country, the whole people, for the passengers and for the railway property as such. And people will laugh at us when we pass this Bill.

Therefore, having regard to the dignity of the House I appeal to the hon. Minister to withdraw this Bill for the present, and let us discuss it in a better atmosphere, let us change the bill a little, if necessary, amend it, or send it to Select Committee, and let us all coolly think about it. At this late hour of the day, in a sweeping manner let us not dispose of this Bill. I once again submit that this Bill, must be given up and I think the whole House will support my view and the spirit which I express, though they may not accept my arguments in full. Some Members on the other side may try to oppose certain of my arguments, but at least they will co-operate with me, I hope, in requesting the Minister not to press this Bill at this stage.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, the 7th March, 1955.